CHAMBER ACTION

Senate House

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Representative(s) Taylor offered the following:

Substitute Amendment for Amendment (074037) (with title amendment)

Remove everything after the enacting clause, and insert:

Section 1. Section 215.555, Florida Statutes, is amended to read:

215.555 Florida Hurricane Insurance ~~Catastrophe~~ Fund.--

(1) FINDINGS AND PURPOSE.--The Legislature finds and declares as follows:

(a) There is a compelling state interest in maintaining a viable and orderly private sector market for property insurance in this state. To the extent that the private sector is unable to maintain a viable and orderly market for property insurance in this state, state actions to maintain such a viable and orderly market are valid and necessary exercises of the police power.

(b) As a result of unprecedented levels of catastrophic insured losses in recent years, and especially as a result of Hurricane Andrew and the 2004 and 2005 hurricane seasons, numerous insurers have determined that in order to protect their solvency, it is necessary for them to reduce their exposure to hurricane losses. Also as a result of these events, world reinsurance capacity has significantly contracted, increasing the pressure on insurers to reduce their catastrophic exposures.

(c) Mortgages require reliable property insurance, and the unavailability of reliable property insurance would therefore make most real estate transactions impossible. In addition, the public health, safety, and welfare demand that structures damaged or destroyed in a catastrophe be repaired or reconstructed as soon as possible. Therefore, the inability of the private sector insurance and reinsurance markets to maintain sufficient capacity to enable residents of this state to obtain property insurance coverage in the private sector endangers the economy of the state and endangers the public health, safety, and welfare. Accordingly, state action to correct for this inability of the private sector constitutes a valid and necessary public and governmental purpose.

(d) The insolvencies and financial impairments resulting from Hurricane Andrew and the 2004 and 2005 hurricane seasons demonstrate that many property insurers are unable or unwilling to maintain reserves, surplus, and reinsurance sufficient to enable the insurers to pay all claims in full in the event of a catastrophe. State action is therefore necessary to protect the public from an insurer's unwillingness or inability to maintain sufficient reserves, surplus, and reinsurance.

(e) A state program to provide a stable and ongoing source of coverage ~~reimbursement to insurers~~ for a substantial portion of ~~their catastrophic~~ hurricane losses for citizens of this state will create additional insurance capacity sufficient to ameliorate the current dangers to the state's economy and to the public health, safety, and welfare.

(f) It is essential to the functioning of a state program to increase insurance capacity that revenues received be exempt from federal taxation. It is therefore the intent of the Legislature that this program be structured as a state trust fund under the direction and control of the State Board of Administration and operate exclusively for the purpose of protecting and advancing the state's interest in maintaining insurance capacity in this state.

(g) Hurricane Andrew, which caused insured and uninsured losses in excess of $20 billion, and the 2004 hurricane season, which caused insured losses in excess of $42 billion, will likely not be the last major windstorm to strike Florida. Recognizing that a future wind catastrophe could cause damages in excess of $60 billion, especially if a major urban area or series of urban areas were hit, it is the intent of the Legislature to balance equitably its concerns about mitigation of hurricane impact, insurance affordability and availability, and the risk of insurer and joint underwriting association insolvency, as well as assessment and bonding limitations.

(h) Wind-storm coverage provided by Citizens Property Insurance Corporation has proven to be ineffective for homeowners in Florida. Following the 2004 and 2005 hurricane seasons, Citizens Property Insurance Corporation has levied assessments that have caused enormous financial constraints to all homeowners in Florida.

(2) DEFINITIONS.--As used in this section:

(a) ~~(m)~~ "Actual claims-paying capacity" means the sum of the balance of the fund as of December 31 of a contract year, plus any reinsurance purchased by the fund, plus the amount the board is able to raise through the issuance of revenue bonds under subsection (6).

(b) ~~(a)~~ "Actuarially indicated" means, with respect to premiums paid to ~~by~~ insurers for reimbursement provided by the fund, an amount determined according to principles of actuarial science to be adequate, but not excessive, in the aggregate, to pay current and future obligations and expenses of the fund, including additional amounts if needed to pay debt service on revenue bonds issued under this section and to provide required debt service coverage in excess of the amounts required to pay actual debt service on revenue bonds issued under subsection (6), and determined according to principles of actuarial science to reflect each insurer's relative exposure to hurricane losses.

(c) ~~(g)~~ "Bond" means any bond, debenture, note, or other evidence of financial indebtedness issued under this section.

(d) ~~(n)~~ "Corporation" means the Florida Hurricane Insurance ~~Catastrophe~~ Fund Finance Corporation created in paragraph (6)(d).

(e) ~~(b)~~ "Covered event" means any one storm declared to be a hurricane by the National Hurricane Center, which storm causes insured losses in this state.

(f) ~~(c)~~ "Covered policy" means any hurricane insurance policy covering residential property in this state, including, but not limited to, any homeowner's, mobile home owner's, farm owner's, condominium association, condominium unit owner's, tenant's, or apartment building policy, or any other policy covering a residential structure or its contents issued by any authorized insurer, including the Citizens Property Insurance Corporation and any joint underwriting association or similar entity created pursuant to law. The term "covered policy" includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interests, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in subsection (5). Additionally, covered policies include policies covering the peril of wind removed from the Florida Residential Property and Casualty Joint Underwriting Association or from the Citizens Property Insurance Corporation, created pursuant to s. 627.351(6), or from the Florida Windstorm Underwriting Association, created pursuant to s. 627.351(2), by an authorized insurer under the terms and conditions of an executed assumption agreement between the authorized insurer and such association or Citizens Property Insurance Corporation. Each assumption agreement between the association and such authorized insurer or Citizens Property Insurance Corporation must be approved by the Office of Insurance Regulation prior to the effective date of the assumption, and the Office of Insurance Regulation must provide written notification to the board within 15 working days after such approval. "Covered policy" does not include any policy that excludes wind coverage or hurricane coverage or any reinsurance agreement and does not include any policy otherwise meeting this definition which is issued by a surplus lines insurer or a reinsurer. All commercial residential excess policies and all deductible buy-back policies that, based on sound actuarial principles, require individual ratemaking shall be excluded by rule if the actuarial soundness of the fund is not jeopardized. For this purpose, the term "excess policy" means a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer insured by another insurer.

(g) ~~(h)~~ "Debt service" means the amount required in any fiscal year to pay the principal of, redemption premium, if any, and interest on revenue bonds and any amounts required by the terms of documents authorizing, securing, or providing liquidity for revenue bonds necessary to maintain in effect any such liquidity or security arrangements.

(h) ~~(i)~~ "Debt service coverage" means the amount, if any, required by the documents under which revenue bonds are issued, which amount is to be received in any fiscal year in excess of the amount required to pay debt service for such fiscal year.

(i) ~~(l)~~ "Estimated claims-paying capacity" means the sum of the projected year-end balance of the fund as of December 31 of a contract year, plus any reinsurance purchased by the fund, plus the board's estimate of the board's borrowing capacity.

(j) "Local government" means a unit of general purpose local government as defined in s. 218.31(2).

(k) ~~(d)~~ "Losses" means direct incurred losses under covered policies, which shall include losses for additional living expenses not to exceed 40 percent of the insured value of a residential structure or its contents and shall exclude loss adjustment expenses. "Losses" does not include losses for fair rental value, loss of use, or business interruption losses.

(l) ~~(k)~~ "Pledged revenues" means all or any portion of revenues to be derived from reimbursement premiums under subsection (5) or from emergency assessments under paragraph (6)(b), as determined by the board.

~~(e) "Retention" means the amount of losses below which an insurer is not entitled to reimbursement from the fund. An insurer's retention shall be calculated as follows:~~

~~1. The board shall calculate and report to each insurer the retention multiples for that year. For the contract year beginning June 1, 2005, the retention multiple shall be equal to $4.5 billion divided by the total estimated reimbursement premium for the contract year; for subsequent years, the retention multiple shall be equal to $4.5 billion, adjusted based upon the reported exposure from the prior contract year to reflect the percentage growth in exposure to the fund for covered policies since 2004, divided by the total estimated reimbursement premium for the contract year. Total reimbursement premium for purposes of the calculation under this subparagraph shall be estimated using the assumption that all insurers have selected the 90-percent coverage level.~~

~~2. The retention multiple as determined under subparagraph 1. shall be adjusted to reflect the coverage level elected by the insurer. For insurers electing the 90-percent coverage level, the adjusted retention multiple is 100 percent of the amount determined under subparagraph 1. For insurers electing the 75-percent coverage level, the retention multiple is 120 percent of the amount determined under subparagraph 1. For~~

~~insurers electing the 45-percent coverage level, the adjusted retention multiple is 200 percent of the amount determined under subparagraph 1.~~

~~3. An insurer shall determine its provisional retention by multiplying its provisional reimbursement premium by the applicable adjusted retention multiple and shall determine its actual retention by multiplying its actual reimbursement premium by the applicable adjusted retention multiple.~~

~~4. For insurers who experience multiple covered events causing loss during the contract year, beginning June 1, 2005, each insurer's full retention shall be applied to each of the covered events causing the two largest losses for that insurer. For each other covered event resulting in losses, the insurer's retention shall be reduced to one-third of the full retention. The reimbursement contract shall provide for the reimbursement of losses for each covered event based on the full retention with adjustments made to reflect the reduced retentions after January 1 of the contract year provided the insurer reports its losses as specified in the reimbursement contract.~~

(m)~~(f)~~ "Workers' compensation" includes both workers' compensation and excess workers' compensation insurance.

(3) FLORIDA HURRICANE INSURANCE ~~CATASTROPHE~~ FUND CREATED.--There is created the Florida Hurricane Insurance ~~Catastrophe~~ Fund to be administered by the State Board of Administration. Moneys in the fund may not be expended, loaned, or appropriated except to pay obligations of the fund arising out of reimbursement contracts entered into under subsection (4), payment of debt service on revenue bonds issued under subsection (6), costs of the mitigation program under subsection

(7), costs of procuring reinsurance, and costs of administration of the fund. The board shall invest the moneys in the fund pursuant to ss. 215.44-215.52. Except as otherwise provided in this section, earnings from all investments shall be retained in the fund. The board may employ or contract with such staff and professionals as the board deems necessary for the administration of the fund. The board may adopt such rules as are reasonable and necessary to implement this section and shall specify interest due on any delinquent remittances, which interest may not exceed the fund's rate of return plus 5 percent. Such rules must conform to the Legislature's specific intent in establishing the fund as expressed in subsection (1), must enhance the fund's potential ability to respond to claims for covered events, must contain general provisions so that the rules can be applied with reasonable flexibility so as to accommodate insurers in situations of an unusual nature or where undue hardship may result, except that such flexibility may not in any way impair, override, supersede, or constrain the public purpose of the fund, and must be consistent with sound insurance practices. The board may, by rule, provide for the exemption from subsections (4) and (5) of insurers writing covered policies with less than $10 million in aggregate exposure for covered policies if the exemption does not affect the actuarial soundness of the fund.

(4) REIMBURSEMENT CONTRACTS.--

(a) The board shall enter into a contract with each insurer writing <u>hurricane-covered</u> ~~covered~~ policies in this state to provide to the insurer the reimbursement described in paragraphs (b) and (d), in exchange for the reimbursement premium paid into the fund under subsection (5). As a condition of doing business in this state, each such insurer shall enter into such a contract.

(b)1. The contract shall contain a promise by the board to reimburse the insurer for losses as provided in this paragraph as a result of a covered event ~~45 percent, 75 percent, or 90 percent of its losses from each covered event in excess of the insurer's retention, plus 5 percent of the reimbursed losses to cover loss adjustment expenses~~.

2. The insurer shall provide hurricane coverage for any policyholder selecting this coverage. The insurer shall collect premiums from policyholders as determined by the state and remit premium collections to the state to be deposited in the Florida Hurricane Insurance Fund ~~must elect one of the percentage coverage levels specified in this paragraph and may, upon renewal of a reimbursement contract, elect a lower percentage coverage level if no revenue bonds issued under subsection (6) after a covered event are outstanding, or elect a higher percentage coverage level, regardless of whether or not revenue bonds are outstanding. All members of an insurer group must elect the same percentage coverage level. Any joint underwriting association, risk apportionment plan, or other entity created under s. 627.351 must elect the 90 percent coverage level~~.

3. The contract shall provide that reimbursement coverage for any hurricane loss must be paid to the insurer. A policyholder shall submit all claims to the insurer for payment for all related losses.

4. A policyholder shall pay hurricane peril premiums to the insurer, and the insurer shall remit collected premiums to the state.

5. An insurer shall contract with the state to provide hurricane peril coverage to policyholders and provide coverage directly to policyholders for losses as a result of a covered event. The state shall reimburse the insurer from the Florida Hurricane Insurance Fund for all reimbursements made by the insurer to policyholders as a result of a covered event.

6. Premiums paid by a policyholder must provide, through the fund, a maximum coverage of $100,000.

7. A policyholder may select hurricane deductibles of 1, 2, 5, or 10 percent.

8. An insurer may choose to provide additional coverage beyond the fund's coverage of $100,000 for its policyholders.

9. An insurer shall provide claims adjustment and reimbursement for losses directly to its policyholders. Once reimbursement amounts have been determined for policyholders, an insurer shall submit a request for reimbursement through the fund for payments made to policyholders for hurricane loss. Insurers will be reimbursed for 90 percent of adjusted hurricane losses sustained by policyholders.

10. The $100,000 maximum coverage shall be adjusted every 3 years based on the home rate index.

11. Discounted premiums shall be provided by the fund for an insurer who encourages its policyholders to engage in loss mitigation following damage to or loss of property ~~amounts shall not be reduced by reinsurance paid or payable to the insurer from other sources~~.

(c)~~1. The contract shall also provide that the obligation of the board with respect to all contracts covering a particular contract year shall not exceed the actual claims paying capacity of the fund up to a limit of $15 billion for that contract year adjusted based upon the reported exposure from the prior contract year to reflect the percentage growth in exposure to the fund for covered policies since 2003, provided the dollar growth in the limit may not increase in any year by an amount greater than the dollar growth of the cash balance which occurred over the prior calendar year.~~

~~2.~~ In May before the start of the upcoming contract year and in October during the contract year, the board shall publish in the Florida Administrative Weekly a statement of the fund's estimated borrowing capacity and the projected balance of the fund as of December 31. After the end of each calendar year, the board shall notify insurers of the estimated borrowing capacity and the balance of the fund as of December 31 to provide insurers with data necessary to assist them in determining their <u>actuarially sound premiums</u> ~~retention~~ and projected payout from the fund for loss reimbursement purposes. ~~In conjunction with the development of the premium formula, as provided for in subsection (5), the board shall publish factors or multiples that assist insurers in determining their retention and projected payout for the next contract year. For all regulatory and reinsurance purposes, an insurer may calculate its projected payout from the fund as its share of the total fund premium for the current contract year multiplied by the sum of the projected balance of the fund as of December 31 and the estimated~~

~~borrowing capacity for that contract year as reported under this subparagraph.~~

(d)1. For purposes of determining potential liability and to aid in the sound administration of the fund, the contract shall require each insurer to report such insurer's losses from each covered event on an interim basis, as directed by the board. The contract shall require the insurer to report to the board no later than December 31 of each year, and quarterly thereafter, its reimbursable losses from covered events for the year. ~~The contract shall require the board to determine and pay, as soon as practicable after receiving these reports of reimbursable losses, the initial amount of reimbursement due and adjustments to this amount based on later loss information. The adjustments to reimbursement amounts shall require the board to pay, or the insurer to return, amounts reflecting the most recent calculation of losses.~~

2. In determining reimbursements pursuant to this subsection, the contract shall provide that the board shall~~:~~

~~a. First~~ reimburse insurers within 90 days after reporting policyholder-paid losses as a result of a covered event ~~writing covered policies, which insurers are in full compliance with this section and have petitioned the Office of Insurance Regulation and qualified as limited apportionment companies under s. 627.351(2)(b)3. The amount of such reimbursement shall be the lesser of $10 million or an amount equal to 10 times the insurer's reimbursement premium for the current year. The amount of reimbursement paid under this sub-subparagraph may not exceed the full amount of reimbursement promised in the reimbursement contract. This sub-subparagraph does not apply with respect to~~

~~any contract year in which the year-end projected cash balance of the fund, exclusive of any bonding capacity of the fund, exceeds $2 billion. Only one member of any insurer group may receive reimbursement under this sub-subparagraph~~.

~~b. Next pay to each insurer such insurer's projected payout, which is the amount of reimbursement it is owed, up to an amount equal to the insurer's share of the actual premium paid for that contract year, multiplied by the actual claims-paying capacity available for that contract year; provided, entities created pursuant to s. 627.351 shall be further reimbursed in accordance with sub subparagraph c.~~

~~c. Thereafter, establish the prorated reimbursement level at the highest level for which any remaining fund balance or bond proceeds are sufficient to reimburse entities created pursuant to s. 627.351 based on reimbursable losses exceeding the amounts payable pursuant to sub-subparagraph b. for the current contract year.~~

~~(e)1. Except as provided in subparagraphs 2. and 3., the contract shall provide that if an insurer demonstrates to the board that it is likely to qualify for reimbursement under the contract, and demonstrates to the board that the immediate receipt of moneys from the board is likely to prevent the insurer from becoming insolvent, the board shall advance the insurer, at market interest rates, the amounts necessary to maintain the solvency of the insurer, up to 50 percent of the board's estimate of the reimbursement due the insurer. The insurer's reimbursement shall be reduced by an amount equal to the amount of the advance and interest thereon.~~

~~2. With respect only to an entity created under s. 627.351, the contract shall also provide that the board may, upon application by such entity, advance to such entity, at market interest rates, up to 90 percent of the lesser of:~~

~~a. The board's estimate of the amount of reimbursement due to such entity; or~~

~~b. The entity's share of the actual reimbursement premium paid for that contract year, multiplied by the currently available liquid assets of the fund. In order for the entity to qualify for an advance under this subparagraph, the entity must demonstrate to the board that the advance is essential to allow the entity to pay claims for a covered event and the board must determine that the fund's assets are sufficient and are sufficiently liquid to allow the board to make an advance to the entity and still fulfill the board's reimbursement obligations to other insurers. The entity's final reimbursement for any contract year in which an advance has been made under this subparagraph must be reduced by an amount equal to the amount of the advance and any interest on such advance. In order to determine what amounts, if any, are due the entity, the board may require the entity to report its exposure and its losses at any time to determine retention levels and reimbursements payable.~~

~~3. The contract shall also provide specifically and solely with respect to any limited apportionment company under s. 627.351(2)(b)3. that the board may, upon application by such company, advance to such company the amount of the estimated reimbursement payable to such company as calculated pursuant to paragraph (d), at market interest rates, if the board determines~~

~~that the fund's assets are sufficient and are sufficiently liquid to permit the board to make an advance to such company and at the same time fulfill its reimbursement obligations to the insurers that are participants in the fund. Such company's final reimbursement for any contract year in which an advance pursuant to this subparagraph has been made shall be reduced by an amount equal to the amount of the advance and interest thereon. In order to determine what amounts, if any, are due to such company, the board may require such company to report its exposure and its losses at such times as may be required to determine retention levels and loss reimbursements payable.~~

(e) ~~(f)~~ In order to ensure that insurers have properly reported the insured values on which the reimbursement premium is based and to ensure that insurers have properly reported the losses for which reimbursements have been made, the board shall inspect, examine, and verify the records of each insurer's covered policies at such times as the board deems appropriate and according to standards established by rule for the specific purpose of validating the accuracy of exposures and losses required to be reported under the terms and conditions of the reimbursement contract. The costs of the examinations shall be borne by the board. However, in order to remove any incentive for an insurer to delay preparations for an examination, the board shall be reimbursed by the insurer for any examination expenses incurred in addition to the usual and customary costs of the examination, which additional expenses were incurred as a result of an insurer's failure, despite proper notice, to be prepared for the examination or as a result of an insurer's failure to provide requested information while the examination is in progress. If the board finds any insurer's records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the board may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the insurer being examined, if such insurer has failed to maintain, complete, or correct such records or deficiencies after the board has given the insurer notice and a reasonable opportunity to do so. Any information contained in an examination report, which information is described in s. 215.557, is confidential and exempt from the provisions of s. 119.07(1) and s. 24(a), Art. I of the State Constitution, as provided in s. 215.557. Nothing in this paragraph expands the exemption in s. 215.557.

(f) ~~(g)~~ The contract shall provide that in the event of the insolvency of an insurer, the fund shall pay directly to the Florida Insurance Guaranty Association for the benefit of Florida policyholders of the insurer the net amount of all reimbursement moneys owed to the insurer. As used in this paragraph, the term "net amount of all reimbursement moneys" means that amount which remains after reimbursement for:

1. Preliminary or duplicate payments owed to private reinsurers or other inuring reinsurance payments to private reinsurers that satisfy statutory or contractual obligations of the insolvent insurer attributable to covered events to such reinsurers; or

2. Funds owed to a bank or other financial institution to cover obligations of the insolvent insurer under a credit agreement that assists the insolvent insurer in paying claims attributable to covered events.

The private reinsurers, banks, or other financial institutions shall be reimbursed or otherwise paid prior to payment to the Florida Insurance Guaranty Association, notwithstanding any law to the contrary. The guaranty association shall pay all claims up to the maximum amount permitted by chapter 631; thereafter, any remaining moneys shall be paid pro rata to claims not fully satisfied. This paragraph does not apply to a joint underwriting association, risk apportionment plan, or other entity created under s. 627.351.

(5) REIMBURSEMENT PREMIUMS.--

(a) Each reimbursement contract shall require the insurer to ~~annually~~ pay to the fund an actuarially indicated premium for the reimbursement of hurricane losses.

(b) The State Board of Administration shall select an independent consultant to develop a formula for determining the actuarially indicated premium to be paid to the fund. The formula shall specify, for each zip code or other limited geographical area, the amount of premium to be paid by an insurer ~~for each $1,000 of insured value under covered policies in that zip code or other area~~. In establishing premiums, the board shall consider ~~the coverage elected under paragraph (4)(b) and~~ any factors that tend to enhance the actuarial sophistication of ratemaking for the fund, including deductibles, type of construction, type of coverage provided, relative concentration of risks, loss mitigation efforts, a factor providing for more rapid cash buildup in the fund until the fund capacity for a single hurricane season is fully funded, and other such factors deemed by the board to be appropriate.

~~The formula may provide for a procedure to determine the premiums to be paid by new insurers that begin writing covered policies after the beginning of a contract year, taking into consideration when the insurer starts writing covered policies, the potential exposure of the insurer, the potential exposure of the fund, the administrative costs to the insurer and to the fund, and any other factors deemed appropriate by the board. The formula must be approved by unanimous vote of the board. The board may, at any time, revise the formula pursuant to the procedure provided in this paragraph.~~

(c) No later than September 1 of each year, each insurer shall notify the board of its insured values under covered policies by zip code, as of June 30 of that year. On the basis of these reports, the board shall calculate the premium due from the insurer, based on the formula adopted under paragraph (b). ~~The insurer shall pay the required annual premium pursuant to a periodic payment plan specified in the contract. The board shall provide for payment of reimbursement premium in periodic installments and for the adjustment of provisional premium installments collected prior to submission of the exposure report to reflect data in the exposure report. The board shall collect interest on late reimbursement premium payments consistent with the assumptions made in developing the premium formula in accordance with paragraph (b).~~

~~(d) All premiums paid to the fund under reimbursement contracts shall be treated as premium for approved reinsurance for all accounting and regulatory purposes.~~

(6) REVENUE BONDS.--

(a) General provisions.--

1. Upon the occurrence of a hurricane and a determination that the moneys in the fund are or will be insufficient to pay reimbursement at the levels promised in the reimbursement contracts, the board may take the necessary steps under paragraph (c) or paragraph (d) for the issuance of revenue bonds for the benefit of the fund. The proceeds of such revenue bonds may be used to make reimbursement payments under reimbursement contracts; to refinance or replace previously existing borrowings or financial arrangements; to pay interest on bonds; to fund reserves for the bonds; to pay expenses incident to the issuance or sale of any bond issued under this section, including costs of validating, printing, and delivering the bonds, costs of printing the official statement, costs of publishing notices of sale of the bonds, and related administrative expenses; or for such other purposes related to the financial obligations of the fund as the board may determine. The term of the bonds may not exceed 30 years. The board may pledge or authorize the corporation to pledge all or a portion of all revenues under subsection (5) and under paragraph (b) to secure such revenue bonds and the board may execute such agreements between the board and the issuer of any revenue bonds and providers of other financing arrangements under paragraph (7)(b) as the board deems necessary to evidence, secure, preserve, and protect such pledge. If reimbursement premiums received under subsection (5) or earnings on such premiums are used to pay debt service on revenue bonds, such premiums and earnings shall be used only after the use of the moneys derived from assessments under paragraph (b). The funds, credit, property, or taxing power of the state or political subdivisions

of the state shall not be pledged for the payment of such bonds. The board may also enter into agreements under paragraph (c) or paragraph (d) for the purpose of issuing revenue bonds in the absence of a hurricane upon a determination that such action would maximize the ability of the fund to meet future obligations.

2. The Legislature finds and declares that the issuance of bonds under this subsection is for the public purpose of paying the proceeds of the bonds to insurers, thereby enabling insurers to pay the claims of policyholders to assure that policyholders are able to pay the cost of construction, reconstruction, repair, restoration, and other costs associated with damage to property of policyholders of covered policies after the occurrence of a hurricane. Revenue bonds may not be issued under this subsection until validated under chapter 75. The validation of at least the first obligations incurred pursuant to this subsection shall be appealed to the Supreme Court, to be handled on an expedited basis.

(b) Emergency assessments.--

1. If the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy, by order, an emergency assessment on direct premiums for all property and casualty lines of business in this state, including property and casualty business of surplus lines insurers regulated under part VIII of chapter 626, but not

including any workers' compensation premiums or medical malpractice premiums. As used in this subsection, the term "property and casualty business" includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by s. 624.424 and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance Program. The assessment shall be specified as a percentage of future premium collections and is subject to annual adjustments by the board to reflect changes in premiums subject to assessments collected under this subparagraph in order to meet debt obligations. The same percentage shall apply to all policies in lines of business subject to the assessment issued or renewed during the 12-month period beginning on the effective date of the assessment.

2. A premium is not subject to an annual assessment under this paragraph in excess of 6 percent of premium with respect to obligations arising out of losses attributable to any one contract year, and a premium is not subject to an aggregate annual assessment under this paragraph in excess of 10 percent of premium. An annual assessment under this paragraph shall continue until the revenue bonds issued with respect to which the assessment was imposed are outstanding, including any bonds the proceeds of which were used to refund the revenue bonds, unless adequate provision has been made for the payment of the bonds under the documents authorizing issuance of the bonds.

3. With respect to each insurer collecting premiums that are subject to the assessment, the insurer shall collect the assessment at the same time as it collects the premium payment

for each policy and shall remit the assessment collected to the fund or corporation as provided in the order issued by the Office of Insurance Regulation. The office shall verify the accurate and timely collection and remittance of emergency assessments and shall report the information to the board in a form and at a time specified by the board. Each insurer collecting assessments shall provide the information with respect to premiums and collections as may be required by the office to enable the office to monitor and verify compliance with this paragraph.

4. With respect to assessments of surplus lines premiums, each surplus lines agent shall collect the assessment at the same time as the agent collects the surplus lines tax required by s. 626.932, and the surplus lines agent shall remit the assessment to the Florida Surplus Lines Service Office created by s. 626.921 at the same time as the agent remits the surplus lines tax to the Florida Surplus Lines Service Office. The emergency assessment on each insured procuring coverage and filing under s. 626.938 shall be remitted by the insured to the Florida Surplus Lines Service Office at the time the insured pays the surplus lines tax to the Florida Surplus Lines Service Office. The Florida Surplus Lines Service Office shall remit the collected assessments to the fund or corporation as provided in the order levied by the Office of Insurance Regulation. The Florida Surplus Lines Service Office shall verify the proper application of such emergency assessments and shall assist the board in ensuring the accurate and timely collection and remittance of assessments as required by the board. The Florida Surplus Lines Service Office shall annually calculate the

aggregate written premium on property and casualty business, other than workers' compensation and medical malpractice, procured through surplus lines agents and insureds procuring coverage and filing under s. 626.938 and shall report the information to the board in a form and at a time specified by the board.

5. Any assessment authority not used for a particular contract year may be used for a subsequent contract year. If, for a subsequent contract year, the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy an emergency assessment up to an amount not exceeding the amount of unused assessment authority from a previous contract year or years, plus an additional 4 percent provided that the assessments in the aggregate do not exceed the limits specified in subparagraph 2.

6. The assessments otherwise payable to the corporation under this paragraph shall be paid to the fund unless and until the Office of Insurance Regulation and the Florida Surplus Lines Service Office have received from the corporation and the fund a notice, which shall be conclusive and upon which they may rely without further inquiry, that the corporation has issued bonds and the fund has no agreements in effect with local governments under paragraph (c). On or after the date of the notice and until the date the corporation has no bonds outstanding, the fund shall have no right, title, or interest in or to the

assessments, except as provided in the fund's agreement with the corporation.

7. Emergency assessments are not premium and are not subject to the premium tax, to the surplus lines tax, to any fees, or to any commissions. An insurer is liable for all assessments that it collects and must treat the failure of an insured to pay an assessment as a failure to pay the premium. An insurer is not liable for uncollectible assessments.

8. When an insurer is required to return an unearned premium, it shall also return any collected assessment attributable to the unearned premium. A credit adjustment to the collected assessment may be made by the insurer with regard to future remittances that are payable to the fund or corporation, but the insurer is not entitled to a refund.

9. When a surplus lines insured or an insured who has procured coverage and filed under s. 626.938 is entitled to the return of an unearned premium, the Florida Surplus Lines Service Office shall provide a credit or refund to the agent or such insured for the collected assessment attributable to the unearned premium prior to remitting the emergency assessment collected to the fund or corporation.

10. The exemption of medical malpractice insurance premiums from emergency assessments under this paragraph is repealed May 31, 2007, and medical malpractice insurance premiums shall be subject to emergency assessments attributable to loss events occurring in the contract years commencing on June 1, 2007.

(c) Revenue bond issuance through counties or municipalities.--

1. If the board elects to enter into agreements with local governments for the issuance of revenue bonds for the benefit of the fund, the board shall enter into such contracts with one or more local governments, including agreements providing for the pledge of revenues, as are necessary to effect such issuance. The governing body of a county or municipality is authorized to issue bonds as defined in s. 125.013 or s. 166.101 from time to time to fund an assistance program, in conjunction with the Florida Hurricane Insurance ~~Catastrophe~~ Fund, for the purposes set forth in this section or for the purpose of paying the costs of construction, reconstruction, repair, restoration, and other costs associated with damage to properties of policyholders of covered policies due to the occurrence of a hurricane by assuring that policyholders located in this state are able to recover claims under property insurance policies after a covered event.

2. In order to avoid needless and indiscriminate proliferation, duplication, and fragmentation of such assistance programs, any local government may provide for the payment of fund reimbursements, regardless of whether or not the losses for which reimbursement is made occurred within or outside of the territorial jurisdiction of the local government.

3. The state hereby covenants with holders of bonds issued under this paragraph that the state will not repeal or abrogate the power of the board to direct the Office of Insurance Regulation to levy the assessments and to collect the proceeds of the revenues pledged to the payment of such bonds as long as any such bonds remain outstanding unless adequate provision has

been made for the payment of such bonds pursuant to the documents authorizing the issuance of such bonds.

4. There shall be no liability on the part of, and no cause of action shall arise against any members or employees of the governing body of a local government for any actions taken by them in the performance of their duties under this paragraph.

(d) Florida Hurricane Insurance ~~Catastrophe~~ Fund Finance Corporation.--

1. In addition to the findings and declarations in subsection (1), the Legislature also finds and declares that:

a. The public benefits corporation created under this paragraph will provide a mechanism necessary for the cost-effective and efficient issuance of bonds. This mechanism will eliminate unnecessary costs in the bond issuance process, thereby increasing the amounts available to pay reimbursement for losses to property sustained as a result of hurricane damage.

b. The purpose of such bonds is to fund reimbursements through the Florida Hurricane Insurance ~~Catastrophe~~ Fund to pay for the costs of construction, reconstruction, repair, restoration, and other costs associated with damage to properties of policyholders of covered policies due to the occurrence of a hurricane.

c. The efficacy of the financing mechanism will be enhanced by the corporation's ownership of the assessments, by the insulation of the assessments from possible bankruptcy proceedings, and by covenants of the state with the corporation's bondholders.

2.a. There is created a public benefits corporation, which is an instrumentality of the state, to be known as the Florida Hurricane Insurance ~~Catastrophe~~ Fund Finance Corporation.

b. The corporation shall operate under a five-member board of directors consisting of the Governor or a designee, the Chief Financial Officer or a designee, the Attorney General or a designee, the director of the Division of Bond Finance of the State Board of Administration, and the senior employee of the State Board of Administration responsible for operations of the Florida Hurricane Insurance ~~Catastrophe~~ Fund.

c. The corporation has all of the powers of corporations under chapter 607 and under chapter 617, subject only to the provisions of this subsection.

d. The corporation may issue bonds and engage in such other financial transactions as are necessary to provide sufficient funds to achieve the purposes of this section.

e. The corporation may invest in any of the investments authorized under s. 215.47.

f. There shall be no liability on the part of, and no cause of action shall arise against, any board members or employees of the corporation for any actions taken by them in the performance of their duties under this paragraph.

3.a. In actions under chapter 75 to validate any bonds issued by the corporation, the notice required by s. 75.06 shall be published only in Leon County and in two newspapers of general circulation in the state, and the complaint and order of the court shall be served only on the State Attorney of the Second Judicial Circuit.

b. The state hereby covenants with holders of bonds of the corporation that the state will not repeal or abrogate the power of the board to direct the Office of Insurance Regulation to levy the assessments and to collect the proceeds of the revenues pledged to the payment of such bonds as long as any such bonds remain outstanding unless adequate provision has been made for the payment of such bonds pursuant to the documents authorizing the issuance of such bonds.

4. The bonds of the corporation are not a debt of the state or of any political subdivision, and neither the state nor any political subdivision is liable on such bonds. The corporation does not have the power to pledge the credit, the revenues, or the taxing power of the state or of any political subdivision. The credit, revenues, or taxing power of the state or of any political subdivision shall not be deemed to be pledged to the payment of any bonds of the corporation.

5.a. The property, revenues, and other assets of the corporation; the transactions and operations of the corporation and the income from such transactions and operations; and all bonds issued under this paragraph and interest on such bonds are exempt from taxation by the state and any political subdivision, including the intangibles tax under chapter 199 and the income tax under chapter 220. This exemption does not apply to any tax imposed by chapter 220 on interest, income, or profits on debt obligations owned by corporations other than the Florida Hurricane Insurance ~~Catastrophe~~ Fund Finance Corporation.

b. All bonds of the corporation shall be and constitute legal investments without limitation for all public bodies of this state; for all banks, trust companies, savings banks, savings associations, savings and loan associations, and investment companies; for all administrators, executors, trustees, and other fiduciaries; for all insurance companies and associations and other persons carrying on an insurance business; and for all other persons who are now or may hereafter be authorized to invest in bonds or other obligations of the state and shall be and constitute eligible securities to be deposited as collateral for the security of any state, county, municipal, or other public funds. This sub-subparagraph shall be considered as additional and supplemental authority and shall not be limited without specific reference to this sub-subparagraph.

6. The corporation and its corporate existence shall continue until terminated by law; however, no such law shall take effect as long as the corporation has bonds outstanding unless adequate provision has been made for the payment of such bonds pursuant to the documents authorizing the issuance of such bonds. Upon termination of the existence of the corporation, all of its rights and properties in excess of its obligations shall pass to and be vested in the state.

(e) Protection of bondholders.--

1. As long as the corporation has any bonds outstanding, neither the fund nor the corporation shall have the authority to file a voluntary petition under chapter 9 of the federal Bankruptcy Code or such corresponding chapter or sections as may be in effect, from time to time, and neither any public officer nor any organization, entity, or other person shall authorize the fund or the corporation to be or become a debtor under chapter 9 of the federal Bankruptcy Code or such corresponding

chapter or sections as may be in effect, from time to time, during any such period.

2. The state hereby covenants with holders of bonds of the corporation that the state will not limit or alter the denial of authority under this paragraph or the rights under this section vested in the fund or the corporation to fulfill the terms of any agreements made with such bondholders or in any way impair the rights and remedies of such bondholders as long as any such bonds remain outstanding unless adequate provision has been made for the payment of such bonds pursuant to the documents authorizing the issuance of such bonds.

3. Notwithstanding any other provision of law, any pledge of or other security interest in revenue, money, accounts, contract rights, general intangibles, or other personal property made or created by the fund or the corporation shall be valid, binding, and perfected from the time such pledge is made or other security interest attaches without any physical delivery of the collateral or further act and the lien of any such pledge or other security interest shall be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the fund or the corporation irrespective of whether or not such parties have notice of such claims. No instrument by which such a pledge or security interest is created nor any financing statement need be recorded or filed.

(7) ADDITIONAL POWERS AND DUTIES.--

(a) The board may procure reinsurance from reinsurers acceptable to the Office of Insurance Regulation for the purpose of maximizing the capacity of the fund.

(b) In addition to borrowing under subsection (6), the board may also borrow from, or enter into other financing arrangements with, any market sources at prevailing interest rates.

~~(c) Each fiscal year, the Legislature shall appropriate from the investment income of the Florida Hurricane Catastrophe Fund an amount no less than $10 million and no more than 35 percent of the investment income based upon the most recent fiscal year-end audited financial statements for the purpose of providing funding for local governments, state agencies, public and private educational institutions, and nonprofit organizations to support programs intended to improve hurricane preparedness, reduce potential losses in the event of a hurricane, provide research into means to reduce such losses, educate or inform the public as to means to reduce hurricane losses, assist the public in determining the appropriateness of particular upgrades to structures or in the financing of such upgrades, or protect local infrastructure from potential damage from a hurricane. Moneys shall first be available for appropriation under this paragraph in fiscal year 1997-1998. Moneys in excess of the $10 million specified in this paragraph shall not be available for appropriation under this paragraph if the State Board of Administration finds that an appropriation of investment income from the fund would jeopardize the actuarial soundness of the fund.~~

(c) ~~(d)~~ The board may allow insurers to comply with reporting requirements and reporting format requirements by using alternative methods of reporting if the proper administration of the fund is not thereby impaired and if the alternative methods produce data which is consistent with the purposes of this section.

(d) ~~(c)~~ In order to assure the equitable operation of the fund, the board may impose a reasonable fee on an insurer to recover costs involved in reprocessing inaccurate, incomplete, or untimely exposure data submitted by the insurer.

(8) ADVISORY COUNCIL.--The State Board of Administration shall appoint a nine-member Florida Hurricane Insurance Fund Advisory Council that consists of an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumers who shall also be representatives of other affected professions and industries, to provide the board with information and advice in connection with its duties under this section. Members of the advisory council shall serve at the pleasure of the board and are eligible for per diem and travel expenses under s. 112.061.

(9) APPLICABILITY OF S. 19, ART. III OF THE STATE CONSTITUTION.--The Legislature finds that the Florida Hurricane Insurance ~~Catastrophe~~ Fund created by this section is a trust fund established for bond covenants, indentures, or resolutions within the meaning of s. 19(f)(3), Art. III of the State Constitution.

(10) VIOLATIONS.--Any violation of this section or of rules adopted under this section constitutes a violation of the insurance code.

(11) LEGAL PROCEEDINGS.--The board is authorized to take any action necessary to enforce the rules, and the provisions

and requirements of the reimbursement contract, required by and adopted pursuant to this section.

(12) FEDERAL OR MULTISTATE CATASTROPHIC FUNDS.--Upon the creation of a federal or multistate catastrophic insurance or reinsurance program intended to serve purposes similar to the purposes of the fund created by this section, the State Board of Administration shall promptly make recommendations to the Legislature for coordination with the federal or multistate program, for termination of the fund, or for such other actions as the board finds appropriate in the circumstances.

(13) REVERSION OF FUND ASSETS UPON TERMINATION.--The fund and the duties of the board under this section may be terminated only by law. Upon termination of the fund, all assets of the fund shall revert to the General Revenue Fund.

(14) SEVERABILITY.--If any provision of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared severable.

(15) COLLATERAL PROTECTION INSURANCE.--As used in this section and ss. 627.311 and 627.351, the term "collateral protection insurance" means commercial property insurance of which a creditor is the primary beneficiary and policyholder and which protects or covers an interest of the creditor arising out of a credit transaction secured by real or personal property. Initiation of such coverage is triggered by the mortgagor's failure to maintain insurance coverage as required by the

mortgage or other lending document. Collateral protection insurance is not residential coverage.

Section 2. Section 215.556, Florida Statutes, is amended to read:

215.556 Exemption.--The Florida Hurricane Insurance ~~Catastrophe~~ Fund created by s. 215.555 is exempt from the deduction required by s. 215.20(1).

Section 3. Section 215.558, Florida Statutes, is created to read:

215.558 Florida Hurricane Damage Prevention Endowment.--

(1) PURPOSE AND INTENT.--The purpose of this section is to provide a continuing source of funding for financial incentives to encourage residential property owners of this state to retrofit their properties to make them less vulnerable to hurricane damage, to help decrease the cost of residential property and casualty insurance, and to provide matching funds to local governments and nonprofit entities for projects that will reduce hurricane damage to residential properties. It is the intent of the Legislature that this section be construed liberally to effectuate its purpose.

(2) DEFINITIONS.--As used in this section:

(a) "Board" means the State Board of Administration.

(b) "Corpus" means the money that has been appropriated to the endowment by the 2006 Legislature, together with any amounts subsequently appropriated to the endowment that are specifically designated as contributions to the corpus and any grants, gifts, or donations to the endowment that are specifically designated as contributions to the corpus.

(c) "Earnings" means any money in the endowment in excess of the corpus, including any income generated by investments, any increase in the market value of investments net of decreases in market value, and any appropriations, grants, gifts, or donations to the endowment not specifically designated as contributions to the corpus.

(d) "Endowment" means the Florida Hurricane Damage Prevention Endowment created by this section.

(e) "Program administrator" means the Department of Financial Services.

(3) ADMINISTRATION.--

(a) The board shall invest endowment assets as provided in this section.

(b) The board may invest and reinvest funds of the endowment in accordance with s. 215.47 and consistent with board policy.

(c) The investment objective shall be long-term preservation of the value of the corpus and a specified regular annual cash outflow for appropriation, as nonrecurring revenue, for the purposes specified in subsection (4).

(d) In accordance with s. 215.44, the board shall report on the financial status of the endowment in its annual investment report to the Legislature.

(e) Costs and fees of the board for investment services shall be deducted from the assets of the endowment.

(4) FINANCIAL INCENTIVES FOR RESIDENTIAL HURRICANE DAMAGE PREVENTION ACTIVITIES.--

(a) Not less than 80 percent of the net earnings of the endowment shall be expended for financial incentives to residential property owners as described in paragraph (b), and no more than the remainder of the net earnings of the endowment shall be expended for matching fund grants to local governments and nonprofit entities for projects that will reduce hurricane damage to residential properties as described in paragraph (c). Any funds authorized for expenditure but not expended for these purposes shall be returned to the endowment.

(b)1. The program administrator, by rule, shall establish a request for a proposal process to annually solicit proposals from lending institutions under which the lending institution will provide interest-free loans to homestead property owners to pay for inspections of homestead property to determine what mitigation measures are needed and for improvements to existing residential properties intended to reduce the homestead property's vulnerability to hurricane damage, in exchange for funding from the endowment.

2. In order to qualify for funding under this paragraph, an interest-free loan program must include an inspection of homestead property to determine what mitigation measures are needed, a means for verifying that the improvements to be paid for from loan proceeds have been demonstrated to reduce a homestead property's vulnerability to hurricane damage, and a means for verifying that the proceeds were actually spent on such improvements. The program must include a method for awarding loans according to the following priorities:

a. The highest priority must be given to single-family owner-occupied homestead dwellings, insured at $500,000 or less, located in the areas designated as high-risk areas for purposes of coverage by the Citizens Property Insurance Corporation.

b. The next highest priority must be given to single-family owner-occupied homestead dwellings, insured at $500,000 or less, covered by the Citizens Property Insurance Corporation, wherever located.

c. The next highest priority must be given to single-family owner-occupied homestead dwellings, insured at $500,000 or less, that are more than 40 years old.

d. The next highest priority must be given to all other single-family owner-occupied homestead dwellings insured at $500,000 or less.

3. The program administrator shall evaluate proposals based on the following factors:

a. The degree to which the proposal meets the requirements of subparagraph 2.

b. The lending institution's plan for marketing the loans.

c. The anticipated number of loans to be granted relative to the total amount of funding sought.

4. The program administrator shall annually solicit proposals from local governments and nonprofit entities for projects that will reduce hurricane damage to homestead properties. The program administrator may provide up to 50 percent of the funding for such projects. The projects may include educational programs, repair services, property inspections, and hurricane vulnerability analyses and such other projects as the program administrator determines to be consistent with the purposes of this section.

(5) ADVISORY COUNCIL.--There is created an advisory council to provide advice and assistance to the program

administrator with regard to its administration of the endowment. The advisory council shall consist of:

(a) A representative of lending institutions, selected by the Financial Services Commission from a list of at least three persons recommended by the Florida Bankers Association.

(b) A representative of residential property insurers, selected by the Financial Services Commission from a list of at least three persons recommended by the Florida Insurance Council.

(c) A representative of home builders, selected by the Financial Services Commission from a list of at least three persons recommended by the Florida Home Builders Association.

(d) A faculty member of a state university selected by the Financial Services Commission who is an expert in hurricane-resistant construction methodologies and materials.

(e) Two members of the House of Representatives selected by the Speaker of the House of Representatives.

(f) Two members of the Senate selected by the President of the Senate.

(g) The senior officer of the Florida Hurricane Catastrophe Fund.

(h) The executive director of Citizens Property Insurance Corporation.

(i) The director of the Division of Emergency Management of the Department of Community Affairs.

Members appointed under paragraphs (a)-(d) shall serve at the pleasure of the Financial Services Commission. Members appointed under paragraphs (e) and (f) shall serve at the pleasure of the appointing officer. All other members shall serve ex officio. Members of the advisory council shall serve without compensation but may receive reimbursement as provided in s. 112.061 for per diem and travel expenses incurred in the performance of their official duties.

Section 4. Section 215.5586, Florida Statutes, is created to read:

215.5586 Florida Comprehensive Hurricane Damage Mitigation Program.--There is established within the Department of Financial Services the Florida Comprehensive Hurricane Damage Mitigation Program. The program shall be administered by an individual with prior executive experience in the private sector in the areas of insurance, business, or construction. The program shall develop and implement a comprehensive and coordinated approach for hurricane damage mitigation that shall include the following:

(1) WIND CERTIFICATION AND HURRICANE MITIGATION INSPECTIONS.--

(a) Free home-retrofit inspections of site-built, residential property, including single-family, two-family, three-family, or four-family residential units, shall be offered to determine what mitigation measures are needed and what improvements to existing residential properties are needed to reduce the property's vulnerability to hurricane damage. The Department of Financial Services shall establish a request for proposals to solicit proposals from wind certification entities to provide at no cost to homeowners wind certification and hurricane mitigation inspections. The inspections provided to homeowners, at a minimum, must include:

1. A home inspection and report that summarizes the results and identifies corrective actions a homeowner may take to mitigate hurricane damage.

2. A range of cost estimates regarding the mitigation features.

3. Insurer-specific information regarding premium discounts correlated to recommended mitigation features identified by the inspection.

4. A hurricane resistance rating scale specifying the home's current as well as projected wind resistance capabilities.

(b) To qualify for selection by the department as a provider of wind certification and hurricane mitigation inspections, the entity shall, at a minimum:

1. Use wind certification and hurricane mitigation inspectors who:

a. Have prior experience in residential construction or inspection and have received specialized training in hurricane mitigation procedures.

b. Have undergone drug testing and background checks.

c. Have been certified, in a manner satisfactory to the department, to conduct the inspections.

2. Provide a quality assurance program including a reinspection component.

(2) GRANTS.--Financial grants shall be used to encourage single-family, site-built, owner-occupied, residential property owners to retrofit their properties to make them less vulnerable to hurricane damage.

(a) To be eligible for a grant, a residential property must:

1. Have been granted a homestead exemption under chapter 196.

2. Be a dwelling with an insured value of $500,000 or less.

3. Have undergone an acceptable wind certification and hurricane mitigation inspection.

A residential property which is part of a multi-family residential unit may receive a grant only if all homeowners participate and the total number of units does not exceed four.

(b) All grants must be matched on a dollar-for-dollar basis for a total of $10,000 for the mitigation project with the state's contribution not to exceed $5,000.

(c) The program shall create a process in which mitigation contractors agree to participate and seek reimbursement from the state and homeowners select from a list of participating contractors. All mitigation must be based upon the securing of all required local permits and inspections. Mitigation projects are subject to random reinspection of up to at least 10 percent of all projects.

(d) Matching fund grants shall also be made available to local governments and nonprofit entities for projects that will reduce hurricane damage to single-family, site-built, owner-occupied, residential property.

(3) LOANS.--Financial incentives shall be provided as authorized by s. 215.558.

(4) EDUCATION AND CONSUMER AWARENESS.--Multimedia public education, awareness, and advertising efforts designed to specifically address mitigation techniques shall be employed, as well as a component to support ongoing consumer resources and referral services.

(5) ADVISORY COUNCIL.--There is created an advisory council to provide advice and assistance to the program administrator with regard to his or her administration of the program. The advisory council shall consist of:

(a) A representative of lending institutions, selected by the Financial Services Commission from a list of at least three persons recommended by the Florida Bankers Association.

(b) A representative of residential property insurers, selected by the Financial Services Commission from a list of at least three persons recommended by the Florida Insurance Council.

(c) A representative of home builders, selected by the Financial Services Commission from a list of at least three persons recommended by the Florida Home Builders Association.

(d) A faculty member of a state university, selected by the Financial Services Commission, who is an expert in hurricane-resistant construction methodologies and materials.

(e) Two members of the House of Representatives, selected by the Speaker of the House of Representatives.

(f) Two members of the Senate, selected by the President of the Senate.

(g) The Chief Executive Officer of the Federal Alliance for Safe Homes, Inc., or his or her designee.

(h) The senior officer of the Florida Hurricane Catastrophe Fund.

(i) The executive director of Citizens Property Insurance Corporation.

(j) The director of the Division of Emergency Management of the Department of Community Affairs.

Members appointed under paragraphs (a)-(d) shall serve at the pleasure of the Financial Services Commission. Members appointed under paragraphs (e) and (f) shall serve at the pleasure of the appointing officer. All other members shall serve voting ex officio. Members of the advisory council shall serve without compensation but may receive reimbursement as provided in s. 112.061 for per diem and travel expenses incurred in the performance of their official duties.

(6) RULES.--The Department of Financial Services shall adopt rules pursuant to ss. 120.536(1) and 120.54 governing the Florida Comprehensive Hurricane Damage Mitigation Program.

Section 5. Section 215.559, Florida Statutes, is amended to read:

215.559 Hurricane Loss Mitigation Program.--

(1) There is created a Hurricane Loss Mitigation Program. The Legislature shall annually appropriate $10 million of the moneys authorized for appropriation under s. 215.555(7)(c) from the Florida Hurricane Catastrophe Fund to the Department of Community Affairs for the purposes set forth in this section.

(2)(a) Seven million dollars in funds provided in subsection (1) shall be used for programs to improve the wind resistance of residences and mobile homes, including loans, subsidies, grants, demonstration projects, and direct assistance; cooperative programs with local governments and the Federal Government; and other efforts to prevent or reduce losses or reduce the cost of rebuilding after a disaster.

(b) Three million dollars in funds provided in subsection (1) shall be used to retrofit existing facilities used as public hurricane shelters. The department must prioritize the use of these funds for projects included in the September 1, 2000, version of the Shelter Retrofit Report prepared in accordance with s. 252.385(3), and each annual report thereafter. The department must give funding priority to projects in regional planning council regions that have shelter deficits and to projects that maximize use of state funds.

~~(3) By the 2006-2007 fiscal year, the Department of Community Affairs shall develop a low-interest loan program for homeowners and mobile home owners to retrofit their homes with fixtures or apply construction techniques that have been demonstrated to reduce the amount of damage or loss due to a hurricane. Funding for the program shall be used to subsidize or guaranty private-sector loans for this purpose to qualified homeowners by financial institutions chartered by the state or Federal Government. The department may enter into contracts with financial institutions for this purpose. The department shall establish criteria for determining eligibility for the loans and selecting recipients, standards for retrofitting homes or mobile homes, limitations on loan subsidies and loan guaranties, and other terms and conditions of the program, which must be specified in the department's report to the Legislature on January 1, 2006, required by subsection (8). For the 2005-2006~~

~~fiscal year, the Department of Community Affairs may use up to $1 million of the funds appropriated pursuant to paragraph (2)(a) to begin the low interest loan program as a pilot project in one or more counties. The Department of Financial Services, the Office of Financial Regulation, the Florida Housing Finance Corporation, and the Office of Tourism, Trade, and Economic Development shall assist the Department of Community Affairs in establishing the program and pilot project. The department may use up to 2.5 percent of the funds appropriated in any given fiscal year for administering the loan program. The department may adopt rules to implement the program.~~

<u>(3)(a)</u>~~(4)~~ Forty percent of the total appropriation in paragraph (2)(a) shall be used to inspect and improve tie-downs for mobile homes. Within 30 days after the effective date of that appropriation, the department shall contract with a public higher educational institution in this state which has previous experience in administering the programs set forth in this subsection to serve as the administrative entity and fiscal agent pursuant to s. 216.346 for the purpose of administering the programs set forth in this subsection in accordance with established policy and procedures. The administrative entity working with the advisory council set up under subsection (6) shall develop a list of mobile home parks and counties that may be eligible to participate in the tie-down program.

<u>(b)1. There is created the Manufactured Housing and Mobile Home Hurricane Mitigation Program. The program shall require the mitigation of damage to homes for the areas of concern raised by the Department of Highway Safety and Motor Vehicles in the 2004-2005 Hurricane Reports on the effects of the 2004 and 2005</u>

hurricanes on manufactured and mobile homes in this state. The mitigation shall include, but not be limited to, problems associated with weakened trusses, studs, and other structural components, site-built additions, or tie-down systems and may also address any other issues deemed appropriate by the Department of Community Affairs upon consultation with the Tallahassee Community College, the Federation of Manufactured Home Owners of Florida, Inc., the Florida Manufactured Housing Association, and the Department of Highway Safety and Motor Vehicles. The program may include an education and outreach component to ensure that owners of manufactured and mobile homes are aware of the benefits of participation.

2. The program shall include the offering of a matching grant to owners of manufactured and mobile homes manufactured after 1993 only. Homeowners accepted for the program shall be eligible to qualify for a $5,000 dollar-for-dollar matching grant in which the homeowner may receive up to $2,500 in state moneys. The moneys appropriated for this program shall be distributed directly to the Department of Community Affairs for the uses set forth under this paragraph.

3. Upon evidence of completion of the program, the Citizens Property Insurance Corporation shall grant, on a pro rata basis, actuarially reasonable discounts, credits, or other rate differentials or appropriate reductions in deductibles for the properties of owners of manufactured homes or mobile homes on which fixtures or construction techniques that have been demonstrated to reduce the amount of loss in a windstorm have been installed or implemented. The discount on the premium shall be applied to subsequent renewal premium amounts. Premiums of

the Citizens Property Insurance Corporation shall reflect the location of the home and the fact that the home has been installed in compliance with building codes adopted after Hurricane Andrew.

4. On or before January 1 of each year, the Department of Community Affairs shall provide a report of activities under this subsection to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report shall set forth the number of manufactured homes and mobile homes that have taken advantage of the program, the types of enhancements and improvements made to the manufactured homes or mobile homes and attachments to such homes, and whether there has been an increase of availability of insurance products to owners of manufactured homes or mobile homes.

(4)~~(5)~~ Of moneys provided to the Department of Community Affairs in paragraph (2)(a), 10 percent shall be allocated to a Type I Center within the State University System dedicated to hurricane research. The Type I Center shall develop a preliminary work plan approved by the advisory council set forth in subsection (6) to eliminate the state and local barriers to upgrading existing mobile homes and communities, research and develop a program for the recycling of existing older mobile homes, and support programs of research and development relating to hurricane loss reduction devices and techniques for site-built residences. The State University System also shall consult with the Department of Community Affairs and assist the department with the report required under subsection (8).

(5)~~(6)~~ The Department of Community Affairs shall develop the programs set forth in this section in consultation with an advisory council consisting of a representative designated by the Chief Financial Officer, a representative designated by the Florida Home Builders Association, a representative designated by the Florida Insurance Council, a representative designated by the Federation of Manufactured Home Owners, a representative designated by the Florida Association of Counties, and a representative designated by the Florida Manufactured Housing Association.

(6) ~~(7)~~ Moneys provided to the Department of Community Affairs under this section are intended to supplement other funding sources of the Department of Community Affairs and may not supplant other funding sources of the Department of Community Affairs.

(7) ~~(8)~~ On January 1st of each year, the Department of Community Affairs shall provide a full report and accounting of activities under this section and an evaluation of such activities to the Speaker of the House of Representatives, the President of the Senate, and the Majority and Minority Leaders of the House of Representatives and the Senate.

(8) ~~(9)~~ This section is repealed June 30, 2011.

Section 6. Subsection (10) of section 624.424, Florida Statutes, is amended to read:

624.424 Annual statement and other information.--

(10) Each insurer or insurer group doing business in this state shall file on a quarterly basis in conjunction with financial reports required by paragraph (1)(a) a supplemental report on an individual and group basis on a form prescribed by the commission with information on personal lines and commercial lines residential property insurance policies in this state. The

supplemental report shall include separate information for personal lines property policies and for commercial lines property policies and totals for each item specified, including premiums written for each of the property lines of business as described in ss. 215.555(2)<u>(f)</u>~~(c)~~ and 627.351(6)(a). The report shall include the following information for each county on a monthly basis:

(a) Total number of policies in force at the end of each month.

(b) Total number of policies canceled.

(c) Total number of policies nonrenewed.

(d) Number of policies canceled due to hurricane risk.

(e) Number of policies nonrenewed due to hurricane risk.

(f) Number of new policies written.

(g) Total dollar value of structure exposure under policies that include wind coverage.

(h) Number of policies that exclude wind coverage.

Section 7. Subsection (3) of section 624.5091, Florida Statutes, is amended to read:

624.5091 Retaliatory provision, insurers.--

(3) This section does not apply as to personal income taxes, nor as to sales or use taxes, nor as to ad valorem taxes on real or personal property, nor as to reimbursement premiums paid to the Florida Hurricane <u>Insurance</u> ~~Catastrophe~~ Fund, nor as to emergency assessments paid to the Florida Hurricane <u>Insurance</u> ~~Catastrophe~~ Fund, nor as to special purpose obligations or assessments imposed in connection with particular kinds of insurance other than property insurance, except that deductions, from premium taxes or other taxes otherwise payable, allowed on

account of real estate or personal property taxes paid shall be taken into consideration by the department in determining the propriety and extent of retaliatory action under this section.

Section 8. Subsection (5) of section 627.062, Florida Statutes, is amended to read:

627.062 Rate standards.--

(5) With respect to a rate filing involving coverage of the type for which the insurer is required to pay a reimbursement premium to the Florida Hurricane Insurance ~~Catastrophe~~ Fund, the insurer may fully recoup in its property insurance premiums any reimbursement premiums paid to the Florida Hurricane Insurance ~~Catastrophe~~ Fund, together with reasonable costs of other reinsurance, but may not recoup reinsurance costs that duplicate coverage provided by the Florida Hurricane Insurance ~~Catastrophe~~ Fund. An insurer may not recoup more than 1 year of reimbursement premium at a time. Any under-recoupment from the prior year may be added to the following year's reimbursement premium and any over-recoupment shall be subtracted from the following year's reimbursement premium.

Section 9. Paragraph (c) of subsection (1), paragraphs (b) and (f) of subsection (2), and paragraph (b) of subsection (3) of section 627.0628, Florida Statutes, are amended to read:

627.0628 Florida Commission on Hurricane Loss Projection Methodology; public records exemption; public meetings exemption.--

(1) LEGISLATIVE FINDINGS AND INTENT.--

(c) It is the intent of the Legislature to create the Florida Commission on Hurricane Loss Projection Methodology as a panel of experts to provide the most actuarially sophisticated guidelines and standards for projection of hurricane losses possible, given the current state of actuarial science. It is the further intent of the Legislature that such standards and guidelines must be used by the State Board of Administration in developing reimbursement premium rates for the Florida Hurricane Insurance ~~Catastrophe~~ Fund, and, subject to paragraph (3)(c), may be used by insurers in rate filings under s. 627.062 unless the way in which such standards and guidelines were applied by the insurer was erroneous, as shown by a preponderance of the evidence.

(2) COMMISSION CREATED.--

(b) The commission shall consist of the following 11 members:

1. The insurance consumer advocate.

2. The senior employee of the State Board of Administration responsible for operations of the Florida Hurricane Insurance ~~Catastrophe~~ Fund.

3. The Executive Director of the Citizens Property Insurance Corporation.

4. The Director of the Division of Emergency Management of the Department of Community Affairs.

5. The actuary member of the Florida Hurricane Insurance ~~Catastrophe~~ Fund Advisory Council.

6. An employee of the office who is an actuary responsible for property insurance rate filings and who is appointed by the director of the office.

7. Five members appointed by the Chief Financial Officer, as follows:

a. An actuary who is employed full time by a property and casualty insurer which was responsible for at least 1 percent of the aggregate statewide direct written premium for homeowner's insurance in the calendar year preceding the member's appointment to the commission.

b. An expert in insurance finance who is a full-time member of the faculty of the State University System and who has a background in actuarial science.

c. An expert in statistics who is a full-time member of the faculty of the State University System and who has a background in insurance.

d. An expert in computer system design who is a full-time member of the faculty of the State University System.

e. An expert in meteorology who is a full-time member of the faculty of the State University System and who specializes in hurricanes.

(f) The State Board of Administration shall, as a cost of administration of the Florida Hurricane Insurance ~~Catastrophe~~ Fund, provide for travel, expenses, and staff support for the commission.

(3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.--

(b) In establishing reimbursement premiums for the Florida Hurricane Insurance ~~Catastrophe~~ Fund, the State Board of Administration must, to the extent feasible, employ actuarial methods, principles, standards, models, or output ranges found by the commission to be accurate or reliable.

Section 10. Subsection (10) of section 627.0629, Florida Statutes, is amended to read:

627.0629 Residential property insurance; rate filings.--

(10) A property insurance rate filing that includes any adjustments related to premiums paid to the Florida Hurricane Insurance ~~Catastrophe~~ Fund must include a complete calculation of the insurer's catastrophe load, and the information in the filing may not be limited solely to recovery of moneys paid to the fund.

Section 11. Paragraph (b) of subsection (2) and paragraphs (b), (c), (k), and (l) of subsection (6) of section 627.351, Florida Statutes, are amended to read:

627.351 Insurance risk apportionment plans.--

(2) WINDSTORM INSURANCE RISK APPORTIONMENT.--

(b) The department shall require all insurers holding a certificate of authority to transact property insurance on a direct basis in this state, other than joint underwriting associations and other entities formed pursuant to this section, to provide windstorm coverage to applicants from areas determined to be eligible pursuant to paragraph (c) who in good faith are entitled to, but are unable to procure, such coverage through ordinary means; or it shall adopt a reasonable plan or plans for the equitable apportionment or sharing among such insurers of windstorm coverage, which may include formation of an association for this purpose. As used in this subsection, the term "property insurance" means insurance on real or personal property, as defined in s. 624.604, including insurance for fire, industrial fire, allied lines, farmowners multiperil, homeowners' multiperil, commercial multiperil, and mobile homes, and including liability coverages on all such insurance, but excluding inland marine as defined in s. 624.607(3) and excluding vehicle insurance as defined in s. 624.605(1)(a) other than insurance on mobile homes used as permanent dwellings. The department shall adopt rules that provide a formula for the recovery and repayment of any deferred assessments.

1. For the purpose of this section, properties eligible for such windstorm coverage are defined as dwellings, buildings, and other structures, including mobile homes which are used as dwellings and which are tied down in compliance with mobile home tie-down requirements prescribed by the Department of Highway Safety and Motor Vehicles pursuant to s. 320.8325, and the contents of all such properties. An applicant or policyholder is eligible for coverage only if an offer of coverage cannot be obtained by or for the applicant or policyholder from an admitted insurer at approved rates.

2.a.(I) All insurers required to be members of such association shall participate in its writings, expenses, and losses. Surplus of the association shall be retained for the payment of claims and shall not be distributed to the member insurers. Such participation by member insurers shall be in the proportion that the net direct premiums of each member insurer written for property insurance in this state during the preceding calendar year bear to the aggregate net direct premiums for property insurance of all member insurers, as reduced by any credits for voluntary writings, in this state during the preceding calendar year. For the purposes of this subsection, the term "net direct premiums" means direct written premiums for property insurance, reduced by premium for liability coverage and for the following if included in allied lines: rain and hail on growing crops; livestock; association direct premiums booked; National Flood Insurance Program direct premiums; and similar deductions specifically authorized by the plan of operation and approved by the department. A member's participation shall begin on the first day of the calendar year following the year in which it is issued a certificate of authority to transact property insurance in the state and shall terminate 1 year after the end of the calendar year during which it no longer holds a certificate of authority to transact property insurance in the state. The commissioner, after review of annual statements, other reports, and any other statistics that the commissioner deems necessary, shall certify to the association the aggregate direct premiums written for property insurance in this state by all member insurers.

(II) Effective July 1, 2002, the association shall operate subject to the supervision and approval of a board of governors who are the same individuals that have been appointed by the Treasurer to serve on the board of governors of the Citizens Property Insurance Corporation.

(III) The plan of operation shall provide a formula whereby a company voluntarily providing windstorm coverage in affected areas will be relieved wholly or partially from apportionment of a regular assessment pursuant to sub-sub-subparagraph d.(I) or sub-sub-subparagraph d.(II).

(IV) A company which is a member of a group of companies under common management may elect to have its credits applied on a group basis, and any company or group may elect to have its credits applied to any other company or group.

(V) There shall be no credits or relief from apportionment to a company for emergency assessments collected from its policyholders under sub-sub-subparagraph d.(III).

(VI) The plan of operation may also provide for the award of credits, for a period not to exceed 3 years, from a regular assessment pursuant to sub-sub-subparagraph d.(I) or sub-sub-subparagraph d.(II) as an incentive for taking policies out of the Residential Property and Casualty Joint Underwriting Association. In order to qualify for the exemption under this sub-sub-subparagraph, the take-out plan must provide that at least 40 percent of the policies removed from the Residential Property and Casualty Joint Underwriting Association cover risks located in Dade, Broward, and Palm Beach Counties or at least 30 percent of the policies so removed cover risks located in Dade, Broward, and Palm Beach Counties and an additional 50 percent of the policies so removed cover risks located in other coastal counties, and must also provide that no more than 15 percent of the policies so removed may exclude windstorm coverage. With the approval of the department, the association may waive these geographic criteria for a take-out plan that removes at least the lesser of 100,000 Residential Property and Casualty Joint Underwriting Association policies or 15 percent of the total number of Residential Property and Casualty Joint Underwriting Association policies, provided the governing board of the Residential Property and Casualty Joint Underwriting Association certifies that the take-out plan will materially reduce the Residential Property and Casualty Joint Underwriting Association's 100-year probable maximum loss from hurricanes. With the approval of the department, the board may extend such credits for an additional year if the insurer guarantees an additional year of renewability for all policies removed from the Residential Property and Casualty Joint Underwriting

Association, or for 2 additional years if the insurer guarantees 2 additional years of renewability for all policies removed from the Residential Property and Casualty Joint Underwriting Association.

b. Assessments to pay deficits in the association under this subparagraph shall be included as an appropriate factor in the making of rates as provided in s. 627.3512.

c. The Legislature finds that the potential for unlimited deficit assessments under this subparagraph may induce insurers to attempt to reduce their writings in the voluntary market, and that such actions would worsen the availability problems that the association was created to remedy. It is the intent of the Legislature that insurers remain fully responsible for paying regular assessments and collecting emergency assessments for any deficits of the association; however, it is also the intent of the Legislature to provide a means by which assessment liabilities may be amortized over a period of years.

d.(I) When the deficit incurred in a particular calendar year is 10 percent or less of the aggregate statewide direct written premium for property insurance for the prior calendar year for all member insurers, the association shall levy an assessment on member insurers in an amount equal to the deficit.

(II) When the deficit incurred in a particular calendar year exceeds 10 percent of the aggregate statewide direct written premium for property insurance for the prior calendar year for all member insurers, the association shall levy an assessment on member insurers in an amount equal to the greater of 10 percent of the deficit or 10 percent of the aggregate statewide direct written premium for property insurance for the prior calendar year for member insurers. Any remaining deficit shall be recovered through emergency assessments under sub-sub-subparagraph (III).

(III) Upon a determination by the board of directors that a deficit exceeds the amount that will be recovered through regular assessments on member insurers, pursuant to sub-sub-subparagraph (I) or sub-sub-subparagraph (II), the board shall levy, after verification by the department, emergency assessments to be collected by member insurers and by underwriting associations created pursuant to this section which write property insurance, upon issuance or renewal of property insurance policies other than National Flood Insurance policies in the year or years following levy of the regular assessments. The amount of the emergency assessment collected in a particular year shall be a uniform percentage of that year's direct written premium for property insurance for all member insurers and underwriting associations, excluding National Flood Insurance policy premiums, as annually determined by the board and verified by the department. The department shall verify the arithmetic calculations involved in the board's determination within 30 days after receipt of the information on which the determination was based. Notwithstanding any other provision of law, each member insurer and each underwriting association created pursuant to this section shall collect emergency assessments from its policyholders without such obligation being affected by any credit, limitation, exemption, or deferment. The emergency assessments so collected shall be transferred directly to the association on a periodic basis as determined by the association. The aggregate amount of emergency assessments levied under this sub-sub-subparagraph in any calendar year may not exceed the greater of 10 percent of the amount needed to cover the original deficit, plus interest, fees, commissions, required reserves, and other costs associated with financing of the original deficit, or 10 percent of the aggregate statewide direct written premium for property insurance written by member insurers and underwriting associations for the prior year, plus interest, fees, commissions, required reserves, and other costs associated with financing the original deficit. The board may pledge the proceeds of the emergency assessments under this sub-sub-subparagraph as the source of revenue for bonds, to retire any other debt incurred as a result of the deficit or events giving rise to the deficit, or in any other way that the board determines will efficiently recover the deficit. The emergency assessments under this sub-sub-subparagraph shall continue as long as any bonds issued or other indebtedness incurred with respect to a deficit for which the assessment was imposed remain outstanding, unless adequate provision has been made for the payment of such bonds or other indebtedness pursuant to the document governing such bonds or other indebtedness. Emergency assessments collected under this sub-sub-subparagraph are not part of an insurer's rates, are not premium, and are not subject to premium tax, fees, or commissions; however, failure to pay the emergency assessment shall be treated as failure to pay premium.

(IV) Each member insurer's share of the total regular assessments under sub-sub-subparagraph (I) or sub-sub-subparagraph (II) shall be in the proportion that the insurer's net direct premium for property insurance in this state, for the year preceding the assessment bears to the aggregate statewide net direct premium for property insurance of all member insurers, as reduced by any credits for voluntary writings for that year.

(V) If regular deficit assessments are made under sub-sub-subparagraph (I) or sub-sub-subparagraph (II), or by the Residential Property and Casualty Joint Underwriting Association under sub-subparagraph (6)(b)3.a. or sub-subparagraph (6)(b)3.b., the association shall levy upon the association's policyholders, as part of its next rate filing, or by a separate rate filing solely for this purpose, a market equalization surcharge in a percentage equal to the total amount of such regular assessments divided by the aggregate statewide direct written premium for property insurance for member insurers for the prior calendar year. Market equalization surcharges under this sub-sub-subparagraph are not considered premium and are not subject to commissions, fees, or premium taxes; however, failure to pay a market equalization surcharge shall be treated as failure to pay premium.

e. The governing body of any unit of local government, any residents of which are insured under the plan, may issue bonds as defined in s. 125.013 or s. 166.101 to fund an assistance program, in conjunction with the association, for the purpose of defraying deficits of the association. In order to avoid needless and indiscriminate proliferation, duplication, and fragmentation of such assistance programs, any unit of local government, any residents of which are insured by the association, may provide for the payment of losses, regardless of whether or not the losses occurred within or outside of the territorial jurisdiction of the local government. Revenue bonds may not be issued until validated pursuant to chapter 75, unless a state of emergency is declared by executive order or proclamation of the Governor pursuant to s. 252.36 making such findings as are necessary to determine that it is in the best interests of, and necessary for, the protection of the public health, safety, and general welfare of residents of this state and the protection and preservation of the economic stability of insurers operating in this state, and declaring it an essential public purpose to permit certain municipalities or counties to issue bonds as will provide relief to claimants and policyholders of the association and insurers responsible for apportionment of plan losses. Any such unit of local government may enter into such contracts with the association and with any other entity created pursuant to this subsection as are necessary to carry out this paragraph. Any bonds issued under this sub-subparagraph shall be payable from and secured by moneys received by the association from assessments under this subparagraph, and assigned and pledged to or on behalf of the unit of local government for the benefit of the holders of such bonds. The funds, credit, property, and taxing power of the state or of the unit of local government shall not be pledged for the payment of such bonds. If any of the bonds remain unsold 60 days after issuance, the department shall require all insurers subject to assessment to purchase the bonds, which shall be treated as admitted assets; each insurer shall be required to purchase that percentage of the unsold portion of the bond issue that equals the insurer's relative share of assessment liability under this subsection. An insurer shall not be required to purchase the bonds to the extent that the department determines that the purchase would endanger or impair the solvency of the insurer. The authority granted by this sub-subparagraph is additional to any bonding authority granted by subparagraph 6.

3. The plan shall also provide that any member with a surplus as to policyholders of $20 million or less writing 25 percent or more of its total countrywide property insurance premiums in this state may petition the department, within the first 90 days of each calendar year, to qualify as a limited apportionment company. The apportionment of such a member company in any calendar year for which it is qualified shall not exceed its gross participation, which shall not be affected by the formula for voluntary writings. In no event shall a limited apportionment company be required to participate in any apportionment of losses pursuant to sub-sub-subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II) in the aggregate which exceeds $50 million after payment of available plan funds in any calendar year. However, a limited apportionment company shall collect from its policyholders any emergency assessment imposed under sub-sub-subparagraph 2.d.(III). The plan shall provide that, if the department determines that any regular assessment will result in an impairment of the surplus of a limited apportionment company, the department may direct that all or part of such assessment be deferred. However, there shall be no limitation or deferment of an emergency assessment to be collected from policyholders under sub-sub-subparagraph 2.d.(III).

4. The plan shall provide for the deferment, in whole or in part, of a regular assessment of a member insurer under sub-sub-subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II), but not for an emergency assessment collected from policyholders under sub-sub-subparagraph 2.d.(III), if, in the opinion of the commissioner, payment of such regular assessment would endanger or impair the solvency of the member insurer. In the event a regular assessment against a member insurer is deferred in whole or in part, the amount by which such assessment is deferred may be assessed against the other member insurers in a manner consistent with the basis for assessments set forth in sub-sub-subparagraph 2.d.(I) or sub-sub-subparagraph 2.d.(II).

5.a. The plan of operation may include deductibles and rules for classification of risks and rate modifications consistent with the objective of providing and maintaining funds sufficient to pay catastrophe losses.

b. The association may require arbitration of a rate filing under s. 627.062(6). It is the intent of the Legislature that the rates for coverage provided by the association be actuarially sound and not competitive with approved rates charged in the admitted voluntary market such that the association functions as a residual market mechanism to provide insurance only when the insurance cannot be procured in the voluntary market. The plan of operation shall provide a mechanism to assure that, beginning no later than January 1, 1999, the rates charged by the association for each line of business are reflective of approved rates in the voluntary market for hurricane coverage for each line of business in the various areas eligible for association coverage.

c. The association shall provide for windstorm coverage on residential properties in limits up to $10 million for commercial lines residential risks and up to $1 million for personal lines residential risks. If coverage with the association is sought for a residential risk valued in excess of these limits, coverage shall be available to the risk up to the replacement cost or actual cash value of the property, at the option of the insured, if coverage for the risk cannot be located in the authorized market. The association must accept a commercial lines residential risk with limits above $10 million or a personal lines residential risk with limits above $1 million if coverage is not available in the authorized market. The association may write coverage above the limits specified in this subparagraph with or without facultative or other reinsurance coverage, as the association determines appropriate.

d. The plan of operation must provide objective criteria and procedures, approved by the department, to be uniformly applied for all applicants in determining whether an individual risk is so hazardous as to be uninsurable. In making this determination and in establishing the criteria and procedures, the following shall be considered:

(I) Whether the likelihood of a loss for the individual risk is substantially higher than for other risks of the same class; and

(II) Whether the uncertainty associated with the individual risk is such that an appropriate premium cannot be determined.

The acceptance or rejection of a risk by the association pursuant to such criteria and procedures must be construed as the private placement of insurance, and the provisions of chapter 120 do not apply.

e. If the risk accepts an offer of coverage through the market assistance program or through a mechanism established by the association, either before the policy is issued by the association or during the first 30 days of coverage by the association, and the producing agent who submitted the application to the association is not currently appointed by the insurer, the insurer shall:

(I) Pay to the producing agent of record of the policy, for the first year, an amount that is the greater of the insurer's usual and customary commission for the type of policy written or a fee equal to the usual and customary commission of the association; or

(II) Offer to allow the producing agent of record of the policy to continue servicing the policy for a period of not less than 1 year and offer to pay the agent the greater of the insurer's or the association's usual and customary commission for the type of policy written.

If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-subparagraph (I). Subject to the provisions of s. 627.3517, the policies issued by the association must provide that if the association obtains an offer from an authorized insurer to cover the risk at its approved rates under either a standard policy including wind coverage or, if consistent with the insurer's underwriting rules as filed with the department, a basic policy including wind coverage, the risk is no longer eligible for coverage through the association. Upon termination of eligibility, the association shall provide written notice to the policyholder and agent of record stating that the association policy must be canceled as of 60 days after the date of the notice because of the offer of coverage from an authorized insurer. Other provisions of the insurance code relating to cancellation and notice of cancellation do not apply to actions under this sub-subparagraph.

f. When the association enters into a contractual agreement for a take-out plan, the producing agent of record of the association policy is entitled to retain any unearned commission on the policy, and the insurer shall:

(I) Pay to the producing agent of record of the association policy, for the first year, an amount that is the greater of the insurer's usual and customary commission for the type of policy written or a fee equal to the usual and customary commission of the association; or

(II) Offer to allow the producing agent of record of the association policy to continue servicing the policy for a period of not less than 1 year and offer to pay the agent the greater of the insurer's or the association's usual and customary commission for the type of policy written.

If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-subparagraph (I).

6.a. The plan of operation may authorize the formation of a private nonprofit corporation, a private nonprofit unincorporated association, a partnership, a trust, a limited liability company, or a nonprofit mutual company which may be empowered, among other things, to borrow money by issuing bonds or by incurring other indebtedness and to accumulate reserves or funds to be used for the payment of insured catastrophe losses. The plan may authorize all actions necessary to facilitate the issuance of bonds, including the pledging of assessments or other revenues.

b. Any entity created under this subsection, or any entity formed for the purposes of this subsection, may sue and be sued, may borrow money; issue bonds, notes, or debt instruments; pledge or sell assessments, market equalization surcharges and other surcharges, rights, premiums, contractual rights, projected recoveries from the Florida Hurricane Insurance ~~Catastrophe~~ Fund, other reinsurance recoverables, and other assets as security for such bonds, notes, or debt instruments; enter into any contracts or agreements necessary or proper to accomplish such borrowings; and take other actions necessary to carry out the purposes of this subsection. The association may issue bonds or incur other indebtedness, or have bonds issued on its behalf by a unit of local government pursuant to subparagraph (6)(g)2., in the absence of a hurricane or other weather-related event, upon a determination by the association subject to approval by the department that such action would enable it to efficiently meet the financial obligations of the association and that such financings are reasonably necessary to effectuate the requirements of this subsection. Any such entity may accumulate reserves and retain surpluses as of the end of any association year to provide for the payment of losses incurred by the association during that year or any future year. The association shall incorporate and continue the plan of operation and articles of agreement in effect on the effective date of chapter 76-96, Laws of Florida, to the extent that it is not inconsistent with chapter 76-96, and as subsequently modified consistent with chapter 76-96. The board of directors and officers currently serving shall continue to serve until their successors are duly qualified as provided under the plan. The assets and obligations of the plan in effect immediately prior to the effective date of chapter 76-96 shall be construed to be the assets and obligations of the successor plan created herein.

c. In recognition of s. 10, Art. I of the State Constitution, prohibiting the impairment of obligations of contracts, it is the intent of the Legislature that no action be taken whose purpose is to impair any bond indenture or financing agreement or any revenue source committed by contract to such bond or other indebtedness issued or incurred by the association or any other entity created under this subsection.

7. On such coverage, an agent's remuneration shall be that amount of money payable to the agent by the terms of his or her contract with the company with which the business is placed. However, no commission will be paid on that portion of the premium which is in excess of the standard premium of that company.

8. Subject to approval by the department, the association may establish different eligibility requirements and operational

procedures for any line or type of coverage for any specified eligible area or portion of an eligible area if the board determines that such changes to the eligibility requirements and operational procedures are justified due to the voluntary market being sufficiently stable and competitive in such area or for such line or type of coverage and that consumers who, in good faith, are unable to obtain insurance through the voluntary market through ordinary methods would continue to have access to coverage from the association. When coverage is sought in connection with a real property transfer, such requirements and procedures shall not provide for an effective date of coverage later than the date of the closing of the transfer as established by the transferor, the transferee, and, if applicable, the lender.

9. Notwithstanding any other provision of law:

a. The pledge or sale of, the lien upon, and the security interest in any rights, revenues, or other assets of the association created or purported to be created pursuant to any financing documents to secure any bonds or other indebtedness of the association shall be and remain valid and enforceable, notwithstanding the commencement of and during the continuation of, and after, any rehabilitation, insolvency, liquidation, bankruptcy, receivership, conservatorship, reorganization, or similar proceeding against the association under the laws of this state or any other applicable laws.

b. No such proceeding shall relieve the association of its obligation, or otherwise affect its ability to perform its obligation, to continue to collect, or levy and collect, assessments, market equalization or other surcharges, projected recoveries from the Florida Hurricane Insurance ~~Catastrophe~~ Fund, reinsurance recoverables, or any other rights, revenues, or other assets of the association pledged.

c. Each such pledge or sale of, lien upon, and security interest in, including the priority of such pledge, lien, or security interest, any such assessments, emergency assessments, market equalization or renewal surcharges, projected recoveries from the Florida Hurricane Insurance ~~Catastrophe~~ Fund, reinsurance recoverables, or other rights, revenues, or other assets which are collected, or levied and collected, after the commencement of and during the pendency of or after any such proceeding shall continue unaffected by such proceeding.

d. As used in this subsection, the term "financing documents" means any agreement, instrument, or other document now existing or hereafter created evidencing any bonds or other indebtedness of the association or pursuant to which any such bonds or other indebtedness has been or may be issued and pursuant to which any rights, revenues, or other assets of the association are pledged or sold to secure the repayment of such bonds or indebtedness, together with the payment of interest on such bonds or such indebtedness, or the payment of any other obligation of the association related to such bonds or indebtedness.

e. Any such pledge or sale of assessments, revenues, contract rights or other rights or assets of the association shall constitute a lien and security interest, or sale, as the case may be, that is immediately effective and attaches to such assessments, revenues, contract, or other rights or assets, whether or not imposed or collected at the time the pledge or sale is made. Any such pledge or sale is effective, valid, binding, and enforceable against the association or other entity making such pledge or sale, and valid and binding against and superior to any competing claims or obligations owed to any other person or entity, including policyholders in this state, asserting rights in any such assessments, revenues, contract, or other rights or assets to the extent set forth in and in accordance with the terms of the pledge or sale contained in the applicable financing documents, whether or not any such person or entity has notice of such pledge or sale and without the need for any physical delivery, recordation, filing, or other action.

f. There shall be no liability on the part of, and no cause of action of any nature shall arise against, any member insurer or its agents or employees, agents or employees of the association, members of the board of directors of the association, or the department or its representatives, for any action taken by them in the performance of their duties or responsibilities under this subsection. Such immunity does not apply to actions for breach of any contract or agreement pertaining to insurance, or any willful tort.

(6) CITIZENS PROPERTY INSURANCE CORPORATION.--

(b)1. All insurers authorized to write one or more subject lines of business in this state are subject to assessment by the corporation and, for the purposes of this subsection, are referred to collectively as "assessable insurers." Insurers writing one or more subject lines of business in this state pursuant to part VIII of chapter 626 are not assessable insurers, but insureds who procure one or more subject lines of business in this state pursuant to part VIII of chapter 626 are subject to assessment by the corporation and are referred to collectively as "assessable insureds." An authorized insurer's assessment liability shall begin on the first day of the calendar year following the year in which the insurer was issued a certificate of authority to transact insurance for subject lines of business in this state and shall terminate 1 year after the end of the first calendar year during which the insurer no longer holds a certificate of authority to transact insurance for subject lines of business in this state.

2.a. All revenues, assets, liabilities, losses, and expenses of the corporation shall be divided into three separate accounts as follows:

(I) A personal lines account for personal residential policies issued by the corporation or issued by the Residential Property and Casualty Joint Underwriting Association and renewed by the corporation that provide comprehensive, multiperil coverage on risks that are not located in areas eligible for coverage in the Florida Windstorm Underwriting Association as those areas were defined on January 1, 2002, and for such policies that do not provide coverage for the peril of wind on risks that are located in such areas;

(II) A commercial lines account for commercial residential policies issued by the corporation or issued by the Residential Property and Casualty Joint Underwriting Association and renewed by the corporation that provide coverage for basic property perils on risks that are not located in areas eligible for coverage in the Florida Windstorm Underwriting Association as those areas were defined on January 1, 2002, and for such policies that do not provide coverage for the peril of wind on risks that are located in such areas; and

(III) A high-risk account for personal residential policies and commercial residential and commercial nonresidential property policies issued by the corporation or transferred to the corporation that provide coverage for the peril of wind on risks that are located in areas eligible for coverage in the Florida Windstorm Underwriting Association as those areas were defined on January 1, 2002. The high-risk account must also include quota share primary insurance under subparagraph (c)2. The area eligible for coverage under the high-risk account also includes the area within Port Canaveral, which is bordered on the south by the City of Cape Canaveral, bordered on the west by the Banana River, and bordered on the north by Federal Government property. The office may remove territory from the area eligible for wind-only and quota share coverage if, after a public hearing, the office finds that authorized insurers in the voluntary market are willing and able to write sufficient amounts of personal and commercial residential coverage for all perils in the territory, including coverage for the peril of wind, such that risks covered by wind-only policies in the removed territory could be issued a policy by the corporation in either the personal lines or commercial lines account without a significant increase in the corporation's probable maximum loss in such account. Removal of territory from the area eligible for wind-only or quota share coverage does not alter the assignment of wind coverage written in such areas to the high-risk account.

b. The three separate accounts must be maintained as long as financing obligations entered into by the Florida Windstorm Underwriting Association or Residential Property and Casualty Joint Underwriting Association are outstanding, in accordance with the terms of the corresponding financing documents. When the financing obligations are no longer outstanding, in accordance with the terms of the corresponding financing documents, the corporation may use a single account for all revenues, assets, liabilities, losses, and expenses of the corporation.

c. Creditors of the Residential Property and Casualty Joint Underwriting Association shall have a claim against, and recourse to, the accounts referred to in sub-sub-subparagraphs a.(I) and (II) and shall have no claim against, or recourse to, the account referred to in sub-sub-subparagraph a.(III). Creditors of the Florida Windstorm Underwriting Association shall have a claim against, and recourse to, the account referred to in sub-sub-subparagraph a.(III) and shall have no claim against, or recourse to, the accounts referred to in sub-sub-subparagraphs a.(I) and (II).

d. Revenues, assets, liabilities, losses, and expenses not attributable to particular accounts shall be prorated among the accounts.

e. The Legislature finds that the revenues of the corporation are revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds under this subsection.

f. No part of the income of the corporation may inure to the benefit of any private person.

3. With respect to a deficit in an account:

a. When the deficit incurred in a particular calendar year is not greater than 10 percent of the aggregate statewide direct written premium for the subject lines of business for the prior calendar year, the entire deficit shall be recovered through regular assessments of assessable insurers under paragraph (g) and assessable insureds.

b. When the deficit incurred in a particular calendar year exceeds 10 percent of the aggregate statewide direct written premium for the subject lines of business for the prior calendar year, the corporation shall levy regular assessments on assessable insurers under paragraph (g) and on assessable insureds in an amount equal to the greater of 10 percent of the deficit or 10 percent of the aggregate statewide direct written premium for the subject lines of business for the prior calendar year. Any remaining deficit shall be recovered through emergency assessments under sub-subparagraph d.

c. Each assessable insurer's share of the amount being assessed under sub-subparagraph a. or sub-subparagraph b. shall be in the proportion that the assessable insurer's direct written premium for the subject lines of business for the year preceding the assessment bears to the aggregate statewide direct written premium for the subject lines of business for that year. The assessment percentage applicable to each assessable insured is the ratio of the amount being assessed under sub-subparagraph a. or sub-subparagraph b. to the aggregate statewide direct written premium for the subject lines of business for the prior year. Assessments levied by the corporation on assessable insurers under sub-subparagraphs a. and b. shall be paid as required by the corporation's plan of operation and paragraph (g). Assessments levied by the corporation on assessable insureds under sub-subparagraphs a. and b. shall be collected by the surplus lines agent at the time the surplus lines agent collects the surplus lines tax required by s. 626.932 and shall be paid to the Florida Surplus Lines Service Office at the time the surplus lines agent pays the surplus lines tax to the Florida Surplus Lines Service Office. Upon receipt of regular assessments from surplus lines agents, the Florida Surplus Lines Service Office shall transfer the assessments directly to the corporation as determined by the corporation.

d. Upon a determination by the board of governors that a deficit in an account exceeds the amount that will be recovered through regular assessments under sub-subparagraph a. or sub-subparagraph b., the board shall levy, after verification by the office, emergency assessments, for as many years as necessary to cover the deficits, to be collected by assessable insurers and the corporation and collected from assessable insureds upon issuance or renewal of policies for subject lines of business, excluding National Flood Insurance policies. The amount of the emergency assessment collected in a particular year shall be a uniform percentage of that year's direct written premium for subject lines of business and all accounts of the corporation, excluding National Flood Insurance Program policy premiums, as annually determined by the board and verified by the office. The office shall verify the arithmetic calculations involved in the board's determination within 30 days after receipt of the information on which the determination was based.

Notwithstanding any other provision of law, the corporation and each assessable insurer that writes subject lines of business shall collect emergency assessments from its policyholders without such obligation being affected by any credit, limitation, exemption, or deferment. Emergency assessments levied by the corporation on assessable insureds shall be collected by the surplus lines agent at the time the surplus lines agent collects the surplus lines tax required by s. 626.932 and shall be paid to the Florida Surplus Lines Service Office at the time the surplus lines agent pays the surplus lines tax to the Florida Surplus Lines Service Office. The emergency assessments so collected shall be transferred directly to the corporation on a periodic basis as determined by the corporation and shall be held by the corporation solely in the applicable account. The aggregate amount of emergency assessments levied for an account under this sub-subparagraph in any calendar year may not exceed the greater of 10 percent of the amount needed to cover the original deficit, plus interest, fees, commissions, required reserves, and other costs associated with financing of the original deficit, or 10 percent of the aggregate statewide direct written premium for subject lines of business and for all accounts of the corporation for the prior year, plus interest, fees, commissions, required reserves, and other costs associated with financing the original deficit.

e. The corporation may pledge the proceeds of assessments, projected recoveries from the Florida Hurricane Insurance ~~Catastrophe~~ Fund, other insurance and reinsurance recoverables, market equalization surcharges and other surcharges, and other funds available to the corporation as the source of revenue for and to secure bonds issued under paragraph (g), bonds or other indebtedness issued under subparagraph (c)3., or lines of credit or other financing mechanisms issued or created under this subsection, or to retire any other debt incurred as a result of deficits or events giving rise to deficits, or in any other way that the board determines will efficiently recover such deficits. The purpose of the lines of credit or other financing mechanisms is to provide additional resources to assist the corporation in covering claims and expenses attributable to a catastrophe. As used in this subsection, the term "assessments" includes regular assessments under sub-subparagraph a., sub-subparagraph b., or subparagraph (g)1. and emergency assessments under sub-subparagraph d. Emergency assessments collected under sub-subparagraph d. are not part of an insurer's rates, are not premium, and are not subject to premium tax, fees, or commissions; however, failure to pay the emergency assessment shall be treated as failure to pay premium. The emergency assessments under sub-subparagraph d. shall continue as long as any bonds issued or other indebtedness incurred with respect to a deficit for which the assessment was imposed remain outstanding, unless adequate provision has been made for the payment of such bonds or other indebtedness pursuant to the documents governing such bonds or other indebtedness.

f. As used in this subsection, the term "subject lines of business" means insurance written by assessable insurers or procured by assessable insureds on real or personal property, as defined in s. 624.604, including insurance for fire, industrial fire, allied lines, farmowners multiperil, homeowners multiperil, commercial multiperil, and mobile homes, and including liability coverage on all such insurance, but excluding inland marine as defined in s. 624.607(3) and excluding vehicle insurance as defined in s. 624.605(1) other than insurance on mobile homes used as permanent dwellings.

g. The Florida Surplus Lines Service Office shall determine annually the aggregate statewide written premium in subject lines of business procured by assessable insureds and shall report that information to the corporation in a form and at a time the corporation specifies to ensure that the corporation can meet the requirements of this subsection and the corporation's financing obligations.

h. The Florida Surplus Lines Service Office shall verify the proper application by surplus lines agents of assessment percentages for regular assessments and emergency assessments levied under this subparagraph on assessable insureds and shall assist the corporation in ensuring the accurate, timely collection and payment of assessments by surplus lines agents as required by the corporation.

(c) The plan of operation of the corporation:

1. Must provide for adoption of residential property and casualty insurance policy forms and commercial residential and nonresidential property insurance forms, which forms must be approved by the office prior to use. The corporation shall adopt the following policy forms:

a. Standard personal lines policy forms that are comprehensive multiperil policies providing full coverage of a residential property equivalent to the coverage provided in the private insurance market under an HO-3, HO-4, or HO-6 policy.

b. Basic personal lines policy forms that are policies similar to an HO-8 policy or a dwelling fire policy that provide coverage meeting the requirements of the secondary mortgage market, but which coverage is more limited than the coverage under a standard policy.

c. Commercial lines residential policy forms that are generally similar to the basic perils of full coverage obtainable for commercial residential structures in the admitted voluntary market.

d. Personal lines and commercial lines residential property insurance forms that cover the peril of wind only. The forms are applicable only to residential properties located in areas eligible for coverage under the high-risk account referred to in sub-subparagraph (b)2.a.

e. Commercial lines nonresidential property insurance forms that cover the peril of wind only. The forms are applicable only to nonresidential properties located in areas eligible for coverage under the high-risk account referred to in sub-subparagraph (b)2.a.

2.a. Must provide that the corporation adopt a program in which the corporation and authorized insurers enter into quota share primary insurance agreements for hurricane coverage, as defined in s. 627.4025(2)(a), for eligible risks, and adopt property insurance forms for eligible risks which cover the peril of wind only. As used in this subsection, the term:

(I) "Quota share primary insurance" means an arrangement in which the primary hurricane coverage of an eligible risk is provided in specified percentages by the corporation and an authorized insurer. The corporation and authorized insurer are each solely responsible for a specified percentage of hurricane coverage of an eligible risk as set forth in a quota share primary insurance agreement between the corporation and an authorized insurer and the insurance contract. The responsibility of the corporation or authorized insurer to pay its specified percentage of hurricane losses of an eligible risk, as set forth in the quota share primary insurance agreement, may not be altered by the inability of the other party to the agreement to pay its specified percentage of hurricane losses. Eligible risks that are provided hurricane coverage through a quota share primary insurance arrangement must be provided policy forms that set forth the obligations of the corporation and authorized insurer under the arrangement, clearly specify the percentages of quota share primary insurance provided by the corporation and authorized insurer, and conspicuously and clearly state that neither the authorized insurer nor the corporation may be held responsible beyond its specified percentage of coverage of hurricane losses.

(II) "Eligible risks" means personal lines residential and commercial lines residential risks that meet the underwriting criteria of the corporation and are located in areas that were eligible for coverage by the Florida Windstorm Underwriting Association on January 1, 2002.

b. The corporation may enter into quota share primary insurance agreements with authorized insurers at corporation coverage levels of 90 percent and 50 percent.

c. If the corporation determines that additional coverage levels are necessary to maximize participation in quota share primary insurance agreements by authorized insurers, the corporation may establish additional coverage levels. However, the corporation's quota share primary insurance coverage level may not exceed 90 percent.

d. Any quota share primary insurance agreement entered into between an authorized insurer and the corporation must provide for a uniform specified percentage of coverage of hurricane losses, by county or territory as set forth by the corporation board, for all eligible risks of the authorized insurer covered under the quota share primary insurance agreement.

e. Any quota share primary insurance agreement entered into between an authorized insurer and the corporation is subject to review and approval by the office. However, such agreement shall be authorized only as to insurance contracts entered into between an authorized insurer and an insured who is already insured by the corporation for wind coverage.

f. For all eligible risks covered under quota share primary insurance agreements, the exposure and coverage levels for both the corporation and authorized insurers shall be reported by the corporation to the Florida Hurricane Insurance ~~Catastrophe~~ Fund. For all policies of eligible risks covered under quota share primary insurance agreements, the corporation and the authorized insurer shall maintain complete and accurate records for the purpose of exposure and loss reimbursement audits as required by Florida Hurricane Insurance ~~Catastrophe~~ Fund rules. The corporation and the authorized insurer shall each maintain duplicate copies of policy declaration pages and supporting claims documents.

g. The corporation board shall establish in its plan of operation standards for quota share agreements which ensure that there is no discriminatory application among insurers as to the terms of quota share agreements, pricing of quota share agreements, incentive provisions if any, and consideration paid for servicing policies or adjusting claims.

h. The quota share primary insurance agreement between the corporation and an authorized insurer must set forth the specific terms under which coverage is provided, including, but not limited to, the sale and servicing of policies issued under the agreement by the insurance agent of the authorized insurer producing the business, the reporting of information concerning eligible risks, the payment of premium to the corporation, and arrangements for the adjustment and payment of hurricane claims incurred on eligible risks by the claims adjuster and personnel of the authorized insurer. Entering into a quota sharing insurance agreement between the corporation and an authorized insurer shall be voluntary and at the discretion of the authorized insurer.

3. May provide that the corporation may employ or otherwise contract with individuals or other entities to provide administrative or professional services that may be appropriate to effectuate the plan. The corporation shall have the power to borrow funds, by issuing bonds or by incurring other indebtedness, and shall have other powers reasonably necessary to effectuate the requirements of this subsection, including, without limitation, the power to issue bonds and incur other indebtedness in order to refinance outstanding bonds or other indebtedness. The corporation may, but is not required to, seek judicial validation of its bonds or other indebtedness under chapter 75. The corporation may issue bonds or incur other

indebtedness, or have bonds issued on its behalf by a unit of local government pursuant to subparagraph (g)2., in the absence of a hurricane or other weather-related event, upon a determination by the corporation, subject to approval by the office, that such action would enable it to efficiently meet the financial obligations of the corporation and that such financings are reasonably necessary to effectuate the requirements of this subsection. The corporation is authorized to take all actions needed to facilitate tax-free status for any such bonds or indebtedness, including formation of trusts or other affiliated entities. The corporation shall have the authority to pledge assessments, projected recoveries from the Florida Hurricane Insurance ~~Catastrophe~~ Fund, other reinsurance recoverables, market equalization and other surcharges, and other funds available to the corporation as security for bonds or other indebtedness. In recognition of s. 10, Art. I of the State Constitution, prohibiting the impairment of obligations of contracts, it is the intent of the Legislature that no action be taken whose purpose is to impair any bond indenture or financing agreement or any revenue source committed by contract to such bond or other indebtedness.

4.a. Must require that the corporation operate subject to the supervision and approval of a board of governors consisting of 8 individuals who are residents of this state, from different geographical areas of this state. The Governor, the Chief Financial Officer, the President of the Senate, and the Speaker of the House of Representatives shall each appoint two members of the board, effective August 1, 2005. At least one of the two members appointed by each appointing officer must have demonstrated expertise in insurance. The Chief Financial Officer shall designate one of the appointees as chair. All board members serve at the pleasure of the appointing officer. All board members, including the chair, must be appointed to serve for 3-year terms beginning annually on a date designated by the plan. Any board vacancy shall be filled for the unexpired term by the appointing officer. The Chief Financial Officer shall appoint a technical advisory group to provide information and advice to the board of governors in connection with the board's duties under this subsection. The executive director and senior managers of the corporation shall be engaged by the board, as recommended by the Chief Financial Officer, and serve at the pleasure of the board. The executive director is responsible for employing other staff as the corporation may require, subject to review and concurrence by the board and the Chief Financial Officer.

b. The board shall create a Market Accountability Advisory Committee to assist the corporation in developing awareness of its rates and its customer and agent service levels in relationship to the voluntary market insurers writing similar coverage. The members of the advisory committee shall consist of the following 11 persons, one of whom must be elected chair by the members of the committee: four representatives, one appointed by the Florida Association of Insurance Agents, one by the Florida Association of Insurance and Financial Advisors, one by the Professional Insurance Agents of Florida, and one by the Latin American Association of Insurance Agencies; three representatives appointed by the insurers with the three highest voluntary market share of residential property insurance business in the state; one representative from the Office of Insurance Regulation; one consumer appointed by the board who is insured by the corporation at the time of appointment to the committee; one representative appointed by the Florida Association of Realtors; and one representative appointed by the Florida Bankers Association. All members must serve for 3-year terms and may serve for consecutive terms. The committee shall report to the corporation at each board meeting on insurance market issues which may include rates and rate competition with the voluntary market; service, including policy issuance, claims processing, and general responsiveness to policyholders, applicants, and agents; and matters relating to depopulation.

5. Must provide a procedure for determining the eligibility of a risk for coverage, as follows:

a. Subject to the provisions of s. 627.3517, with respect to personal lines residential risks, if the risk is offered coverage from an authorized insurer at the insurer's approved rate under either a standard policy including wind coverage or, if consistent with the insurer's underwriting rules as filed with the office, a basic policy including wind coverage, the risk is not eligible for any policy issued by the corporation. If the risk is not able to obtain any such offer, the risk is eligible for either a standard policy including wind coverage or a basic policy including wind coverage issued by the corporation; however, if the risk could not be insured under a standard policy including wind coverage regardless of market conditions, the risk shall be eligible for a basic policy including wind coverage unless rejected under subparagraph 8. The corporation shall determine the type of policy to be provided on the basis of objective standards specified in the underwriting manual and based on generally accepted underwriting practices.

(I) If the risk accepts an offer of coverage through the market assistance plan or an offer of coverage through a mechanism established by the corporation before a policy is issued to the risk by the corporation or during the first 30 days of coverage by the corporation, and the producing agent who submitted the application to the plan or to the corporation is not currently appointed by the insurer, the insurer shall:

(A) Pay to the producing agent of record of the policy, for the first year, an amount that is the greater of the insurer's usual and customary commission for the type of policy written or a fee equal to the usual and customary commission of the corporation; or

(B) Offer to allow the producing agent of record of the policy to continue servicing the policy for a period of not less than 1 year and offer to pay the agent the greater of the insurer's or the corporation's usual and customary commission for the type of policy written.

If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-sub-subparagraph (A).

(II) When the corporation enters into a contractual agreement for a take-out plan, the producing agent of record of the corporation policy is entitled to retain any unearned commission on the policy, and the insurer shall:

(A) Pay to the producing agent of record of the corporation policy, for the first year, an amount that is the greater of the insurer's usual and customary commission for the type of policy written or a fee equal to the usual and customary commission of the corporation; or

(B) Offer to allow the producing agent of record of the corporation policy to continue servicing the policy for a period of not less than 1 year and offer to pay the agent the greater of the insurer's or the corporation's usual and customary commission for the type of policy written.

If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-sub-subparagraph (A).

b. With respect to commercial lines residential risks, if the risk is offered coverage under a policy including wind coverage from an authorized insurer at its approved rate, the risk is not eligible for any policy issued by the corporation. If the risk is not able to obtain any such offer, the risk is eligible for a policy including wind coverage issued by the corporation.

(I) If the risk accepts an offer of coverage through the market assistance plan or an offer of coverage through a mechanism established by the corporation before a policy is issued to the risk by the corporation or during the first 30 days of coverage by the corporation, and the producing agent who submitted the application to the plan or the corporation is not currently appointed by the insurer, the insurer shall:

(A) Pay to the producing agent of record of the policy, for the first year, an amount that is the greater of the insurer's usual and customary commission for the type of policy written or a fee equal to the usual and customary commission of the corporation; or

(B) Offer to allow the producing agent of record of the policy to continue servicing the policy for a period of not less than 1 year and offer to pay the agent the greater of the insurer's or the corporation's usual and customary commission for the type of policy written.

If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-sub-subparagraph (A).

(II) When the corporation enters into a contractual agreement for a take-out plan, the producing agent of record of the corporation policy is entitled to retain any unearned commission on the policy, and the insurer shall:

(A) Pay to the producing agent of record of the corporation policy, for the first year, an amount that is the greater of the insurer's usual and customary commission for the type of policy written or a fee equal to the usual and customary commission of the corporation; or

(B) Offer to allow the producing agent of record of the corporation policy to continue servicing the policy for a period of not less than 1 year and offer to pay the agent the greater of the insurer's or the corporation's usual and customary commission for the type of policy written.

If the producing agent is unwilling or unable to accept appointment, the new insurer shall pay the agent in accordance with sub-sub-sub-subparagraph (A).

6. Must include rules for classifications of risks and rates therefor.

7. Must provide that if premium and investment income for an account attributable to a particular calendar year are in excess of projected losses and expenses for the account attributable to that year, such excess shall be held in surplus in the account. Such surplus shall be available to defray deficits in that account as to future years and shall be used for that purpose prior to assessing assessable insurers and assessable insureds as to any calendar year.

8. Must provide objective criteria and procedures to be uniformly applied for all applicants in determining whether an individual risk is so hazardous as to be uninsurable. In making this determination and in establishing the criteria and procedures, the following shall be considered:

a. Whether the likelihood of a loss for the individual risk is substantially higher than for other risks of the same class; and

b. Whether the uncertainty associated with the individual risk is such that an appropriate premium cannot be determined.

The acceptance or rejection of a risk by the corporation shall be construed as the private placement of insurance, and the provisions of chapter 120 shall not apply.

9. Must provide that the corporation shall make its best efforts to procure catastrophe reinsurance at reasonable rates,

to cover its projected 100-year probable maximum loss as determined by the board of governors.

10. Must provide that in the event of regular deficit assessments under sub-subparagraph (b)3.a. or sub-subparagraph (b)3.b., in the personal lines account, the commercial lines residential account, or the high-risk account, the corporation shall levy upon corporation policyholders in its next rate filing, or by a separate rate filing solely for this purpose, a market equalization surcharge arising from a regular assessment in such account in a percentage equal to the total amount of such regular assessments divided by the aggregate statewide direct written premium for subject lines of business for the prior calendar year. Market equalization surcharges under this subparagraph are not considered premium and are not subject to commissions, fees, or premium taxes; however, failure to pay a market equalization surcharge shall be treated as failure to pay premium.

11. The policies issued by the corporation must provide that, if the corporation or the market assistance plan obtains an offer from an authorized insurer to cover the risk at its approved rates, the risk is no longer eligible for renewal through the corporation.

12. Corporation policies and applications must include a notice that the corporation policy could, under this section, be replaced with a policy issued by an authorized insurer that does not provide coverage identical to the coverage provided by the corporation. The notice shall also specify that acceptance of corporation coverage creates a conclusive presumption that the applicant or policyholder is aware of this potential.

13. May establish, subject to approval by the office, different eligibility requirements and operational procedures for any line or type of coverage for any specified county or area if the board determines that such changes to the eligibility requirements and operational procedures are justified due to the voluntary market being sufficiently stable and competitive in such area or for such line or type of coverage and that consumers who, in good faith, are unable to obtain insurance through the voluntary market through ordinary methods would continue to have access to coverage from the corporation. When coverage is sought in connection with a real property transfer, such requirements and procedures shall not provide for an effective date of coverage later than the date of the closing of the transfer as established by the transferor, the transferee, and, if applicable, the lender.

14. Must provide that, with respect to the high-risk account, any assessable insurer with a surplus as to policyholders of $25 million or less writing 25 percent or more of its total countrywide property insurance premiums in this state may petition the office, within the first 90 days of each calendar year, to qualify as a limited apportionment company. In no event shall a limited apportionment company be required to participate in the portion of any assessment, within the high-risk account, pursuant to sub-subparagraph (b)3.a. or sub-subparagraph (b)3.b. in the aggregate which exceeds $50 million after payment of available high-risk account funds in any calendar year. However, a limited apportionment company shall collect from its policyholders any emergency assessment imposed under sub-subparagraph (b)3.d. The plan shall provide that, if

the office determines that any regular assessment will result in an impairment of the surplus of a limited apportionment company, the office may direct that all or part of such assessment be deferred as provided in subparagraph (g)4. However, there shall be no limitation or deferment of an emergency assessment to be collected from policyholders under sub-subparagraph (b)3.d.

15. Must provide that the corporation appoint as its licensed agents only those agents who also hold an appointment as defined in s. 626.015(3) with an insurer who at the time of the agent's initial appointment by the corporation is authorized to write and is actually writing personal lines residential property coverage, commercial residential property coverage, or commercial nonresidential property coverage within the state.

(k) Upon a determination by the office that the conditions giving rise to the establishment and activation of the corporation no longer exist, the corporation is dissolved. Upon dissolution, the assets of the corporation shall be applied first to pay all debts, liabilities, and obligations of the corporation, including the establishment of reasonable reserves for any contingent liabilities or obligations, and all remaining assets of the corporation shall become property of the state and shall be deposited in the Florida Hurricane Insurance ~~Catastrophe~~ Fund. However, no dissolution shall take effect as long as the corporation has bonds or other financial obligations outstanding unless adequate provision has been made for the payment of the bonds or other financial obligations pursuant to the documents authorizing the issuance of the bonds or other financial obligations.

(l)1. Effective July 1, 2002, policies of the Residential Property and Casualty Joint Underwriting Association shall become policies of the corporation. All obligations, rights, assets and liabilities of the Residential Property and Casualty Joint Underwriting Association, including bonds, note and debt obligations, and the financing documents pertaining to them become those of the corporation as of July 1, 2002. The corporation is not required to issue endorsements or certificates of assumption to insureds during the remaining term of in-force transferred policies.

2. Effective July 1, 2002, policies of the Florida Windstorm Underwriting Association are transferred to the corporation and shall become policies of the corporation. All obligations, rights, assets, and liabilities of the Florida Windstorm Underwriting Association, including bonds, note and debt obligations, and the financing documents pertaining to them are transferred to and assumed by the corporation on July 1, 2002. The corporation is not required to issue endorsement or certificates of assumption to insureds during the remaining term of in-force transferred policies.

3. The Florida Windstorm Underwriting Association and the Residential Property and Casualty Joint Underwriting Association shall take all actions as may be proper to further evidence the transfers and shall provide the documents and instruments of further assurance as may reasonably be requested by the corporation for that purpose. The corporation shall execute assumptions and instruments as the trustees or other parties to the financing documents of the Florida Windstorm Underwriting Association or the Residential Property and Casualty Joint

Underwriting Association may reasonably request to further evidence the transfers and assumptions, which transfers and assumptions, however, are effective on the date provided under this paragraph whether or not, and regardless of the date on which, the assumptions or instruments are executed by the corporation. Subject to the relevant financing documents pertaining to their outstanding bonds, notes, indebtedness, or other financing obligations, the moneys, investments, receivables, choses in action, and other intangibles of the Florida Windstorm Underwriting Association shall be credited to the high-risk account of the corporation, and those of the personal lines residential coverage account and the commercial lines residential coverage account of the Residential Property and Casualty Joint Underwriting Association shall be credited to the personal lines account and the commercial lines account, respectively, of the corporation.

4. Effective July 1, 2002, a new applicant for property insurance coverage who would otherwise have been eligible for coverage in the Florida Windstorm Underwriting Association is eligible for coverage from the corporation as provided in this subsection.

5. The transfer of all policies, obligations, rights, assets, and liabilities from the Florida Windstorm Underwriting Association to the corporation and the renaming of the Residential Property and Casualty Joint Underwriting Association as the corporation shall in no way affect the coverage with respect to covered policies as defined in s. 215.555(2)~~(c)~~ provided to these entities by the Florida Hurricane Insurance ~~Catastrophe~~ Fund. The coverage provided by the Florida Hurricane

Insurance ~~Catastrophe~~ Fund to the Florida Windstorm Underwriting Association based on its exposures as of June 30, 2002, and each June 30 thereafter shall be redesignated as coverage for the high-risk account of the corporation. Notwithstanding any other provision of law, the coverage provided by the Florida Hurricane Insurance ~~Catastrophe~~ Fund to the Residential Property and Casualty Joint Underwriting Association based on its exposures as of June 30, 2002, and each June 30 thereafter shall be transferred to the personal lines account and the commercial lines account of the corporation. Notwithstanding any other provision of law, the high-risk account shall be treated, for all Florida Hurricane Insurance ~~Catastrophe~~ Fund purposes, as if it were a separate participating insurer with its own exposures, reimbursement premium, and loss reimbursement. Likewise, the personal lines and commercial lines accounts shall be viewed together, for all Florida Hurricane Insurance ~~Catastrophe~~ Fund purposes, as if the two accounts were one and represent a single, separate participating insurer with its own exposures, reimbursement premium, and loss reimbursement. The coverage provided by the Florida Hurricane Insurance ~~Catastrophe~~ Fund to the corporation shall constitute and operate as a full transfer of coverage from the Florida Windstorm Underwriting Association and Residential Property and Casualty Joint Underwriting to the corporation.

Section 12. Paragraph (d) of subsection (6) of section 627.701, Florida Statutes, is amended to read:

627.701 Liability of insureds; coinsurance; deductibles.--

(6)

(d) The office shall draft and formally propose as a rule the form for the certificate of security. The certificate of security may be issued in any of the following circumstances:

1. A mortgage lender or other financial institution may issue a certificate of security after granting the applicant a line of credit, secured by equity in real property or other reasonable security, which line of credit may be drawn on only to pay for the deductible portion of insured construction or reconstruction after a hurricane loss. In the sole discretion of the mortgage lender or other financial institution, the line of credit may be issued to an applicant on an unsecured basis.

2. A licensed insurance agent may issue a certificate of security after obtaining for an applicant a line of credit, secured by equity in real property or other reasonable security, which line of credit may be drawn on only to pay for the deductible portion of insured construction or reconstruction after a hurricane loss. The Florida Hurricane Insurance ~~Catastrophe~~ Fund shall negotiate agreements creating a financing consortium to serve as an additional source of lines of credit to secure deductibles. Any licensed insurance agent may act as the agent of such consortium.

3. Any person qualified to act as a trustee for any purpose may issue a certificate of security secured by a pledge of assets, with the restriction that the assets may be drawn on only to pay for the deductible portion of insured construction or reconstruction after a hurricane loss.

4. Any insurer, including any admitted insurer or any surplus lines insurer, may issue a certificate of security after issuing the applicant a policy of supplemental insurance that

will pay for 100 percent of the deductible portion of insured construction or reconstruction after a hurricane loss.

5. Any other method approved by the office upon finding that such other method provides a similar level of security as the methods specified in this paragraph and that such other method has no negative impact on residential property insurance catastrophic capacity. The legislative intent of this subparagraph is to provide the flexibility needed to achieve the public policy of expanding property insurance capacity while improving the affordability of property insurance.

Section 13. Paragraph (a) of subsection (3) of section 627.7077, Florida Statutes, is amended to read:

627.7077 Florida Sinkhole Insurance Facility and other matters related to affordability and availability of sinkhole insurance; feasibility study.--

(3) The feasibility study shall, at a minimum, address the following issues:

(a) Where the facility should be housed, including, but not limited to, the options of creating a separate facility or using the Citizens Property Insurance Corporation or the Florida Hurricane Insurance ~~Catastrophe~~ Fund.

Section 14. Citizens Property Insurance Corporation wind-storm coverage will sunset January 1, 2010. Beginning January 1, 2007, all windstorm coverage provided through Citizens Property Insurance Corporation will be phased out and coverage will be provided through the Florida Catastrophe Fund.

Section 15. Sales tax revenues generated as estimated by the Office of Economic and Demographic Research due to hurricane damages and rebuilding shall be used as follows:

(1) Fifty percent of sales tax collection shall be deposited in the Florida Catastrophe Fund.

(2) Fifty percent of sales tax collection shall be deposited in the "Protect Our Homes" Mitigation Fund.

Section 16. Section 350.061, Florida Statutes, is transferred, renumbered as section 11.402, Florida Statutes, and amended to read:

11.402 ~~350.061~~ Public Counsel; appointment; oath; restrictions on Public Counsel and his or her employees.--

(1) The Committee on Public Service Commission Oversight shall appoint a Public Counsel by majority vote of the members of the committee to represent the general public of Florida before the Florida Public Service Commission and the Office of Insurance Regulation. The Public Counsel shall be an attorney admitted to practice before the Florida Supreme Court and shall serve at the pleasure of the Committee on Public Service Commission Oversight, subject to biennial reconfirmation by the committee. The Public Counsel shall perform his or her duties independently. Vacancies in the office shall be filled in the same manner as the original appointment.

(2) The Public Counsel shall take and subscribe to the oath of office required of state officers by the State Constitution.

(3) No officer or full-time employee of the Public Counsel shall actively engage in any other business or profession; serve as the representative of any political party or on any executive committee or other governing body thereof; serve as an executive, officer, or employee of any political party, committee, organization, or association; receive remuneration

for activities on behalf of any candidate for public office; or engage on behalf of any candidate for public office in the solicitation of votes or other activities in behalf of such candidacy. Neither the Public Counsel nor any employee of the Public Counsel shall become a candidate for election to public office unless he or she shall first resign from his or her office or employment.

Section 17. Section 350.0611, Florida Statutes, is transferred, renumbered as section 11.403, Florida Statutes, and amended to read:

11.403 ~~350.0611~~ Public Counsel; duties and powers.--It shall be the duty of the Public Counsel to provide legal representation for the people of the state in proceedings before the Public Service Commission and the Office of Insurance Regulation ~~commission~~ and in proceedings before counties pursuant to s. 367.171(8). The Public Counsel shall have such powers as are necessary to carry out the duties of his or her office, including, but not limited to, the following specific powers:

(1) To recommend to the Public Service Commission ~~commission~~ or the counties, by petition, the commencement of any proceeding or action or to appear, in the name of the state or its citizens, in any proceeding or action before the commission or the counties.~~,~~

(2) To recommend to the Office of Insurance Regulation, by petition, the commencement of, and to appear in the name of the state or its citizens in, any proceeding or action before the office relating to:

(a) Rules governing residential property insurance; or

(b) Rate filings for residential property insurance which, pursuant to standards determined by the office, request an average statewide rate increase of 10 percent or greater as compared to the current rates in effect or the rates in effect 12 months prior to the proposed effective date. The Public Counsel may not stay any final order of the Office of Insurance Regulation.

(3) To ~~and~~ urge in any proceeding or action to which he or she is a party ~~therein~~ any position that ~~which~~ he or she deems to be in the public interest, whether consistent or inconsistent with positions previously adopted by the commission, ~~or~~ the counties, or the office, and use ~~utilize~~ therein all forms of discovery available to attorneys in civil actions generally, subject to protective orders of the commission, ~~or~~ the counties, or the office, which shall be reviewable by summary procedure in the circuit courts of this state.~~;~~

(4)~~(2)~~ To have access to and use of all files, records, and data of the commission, ~~or~~ the counties, or the office, available to any other attorney representing parties in a proceeding before the commission or the counties.~~;~~

(5)~~(3)~~ In any proceeding in which he or she has participated as a party, to seek review of any determination, finding, or order of the commission, ~~or~~ the counties, or the office, or of any hearing examiner designated by the commission, ~~or~~ the counties, or the office, in the name of the state or its citizens.~~;~~

(6)~~(4)~~ To prepare and issue reports, recommendations, and proposed orders to the commission or office, the Governor, and the Legislature on any matter or subject within the jurisdiction of the commission or office, and to make such recommendations as he or she deems appropriate for legislation relative to commission or office procedures, rules, jurisdiction, personnel, and functions.~~; and~~

(7)~~(5)~~ To appear before other state agencies, federal agencies, and state and federal courts in connection with matters under the jurisdiction of the commission or office, in the name of the state or its citizens.

Section 18. Section 350.0612, Florida Statutes, is transferred, renumbered as section 11.404, Florida Statutes, and amended to read:

11.404 ~~350.0612~~ Public Counsel; location.--The Public Counsel shall maintain his or her office in Leon County ~~on the premises of the commission or, if suitable space there cannot be provided,~~ at such ~~other~~ place convenient to the offices of the Public Services Commission or the Office of Insurance Regulation ~~commissioners~~ as will enable him or her to carry out expeditiously the duties and functions of his or her office.

Section 19. Subsection (1) of section 408.40, Florida Statutes, is amended to read:

408.40 Public Counsel.--

(1) Notwithstanding any other provisions of this chapter, the Public Counsel shall represent the public in any proceeding before the agency or its advisory panels in any administrative hearing conducted pursuant to chapter 120 or before any other state and federal agencies and courts in any issue before the agency, any court, or any agency. With respect to any such proceeding, the Public Counsel is subject to the provisions of

and may use the powers granted to him or her by ss. 11.402-11.404 and ss. 350.0613 ~~350.061~~-350.0614.

Section 20. Subsection (3) of section 109 of chapter 2000-141, Laws of Florida, is amended to read:

Section 109. The Legislature has reviewed the Florida Building Code that was adopted by action of the Florida Building Commission on February 15, 2000, and that was noticed for rule adoption by reference in Rule 9B-3.047, F.A.C., on February 18, 2000, in the Florida Administrative Weekly on page 731. The Florida Building Commission is directed to continue the process to adopt the code, pursuant to section 120.54(3), Florida Statutes, and to incorporate the following provisions or standards for the State of Florida:

(3) For areas of the state not within the high velocity hurricane zone, the commission shall adopt, pursuant to s. 553.73, Florida Statutes, the wind protection requirements of the American Society of Civil Engineers, Standard 7, 1998 edition as implemented by the International Building Code, 2000 edition, and as modified by the commission in its February 15, 2000, adoption of the Florida Building Code for rule adoption by reference in Rule 9B-3.047, Florida Administrative Code. ~~However, from the eastern border of Franklin County to the Florida Alabama line, only land within 1 mile of the coast shall be subject to the windborne-debris requirements adopted by the commission.~~ The exact location of wind speed lines shall be established by local ordinance, using recognized physical landmarks such as major roads, canals, rivers, and lake shores, wherever possible. Buildings constructed in the windborne debris region must be either designed for internal pressures that may

result inside a building when a window or door is broken or a hole is created in its walls or roof by large debris, or be designed with protected openings. Except in the high velocity hurricane zone, local governments may not prohibit the option of designing buildings to resist internal pressures.

The Legislature declares that changes made to the proposed Rule 9B-3.047, Florida Administrative Code, to implement the requirements of this act prior to October 1, 2000, are not subject to rule challenges under section 120.56, Florida Statutes. However, the entire rule, adopted pursuant to s. 120.54(3), Florida Statutes, as amended after October 1, 2000, is subject to rule challenges under s. 120.56, Florida Statutes.

Section 21. Task Force on Hurricane Mitigation and Hurricane Insurance for Mobile and Manufactured Homes.--

(1) TASK FORCE CREATED.--There is created the Task Force on Hurricane Mitigation and Hurricane Insurance for Mobile and Manufactured Homes.

(2) ADMINISTRATION.--The task force shall be administratively housed within the Office of Insurance Regulation but shall operate independently of any state officer or agency. The office shall provide such administrative support as the task force deems necessary to accomplish its mission and shall provide necessary funding for the task force within the office's existing resources. The Executive Office of the Governor, the Department of Financial Services, the Office of Insurance Regulation, the Department of Highway Safety and Motor Vehicles, and the Department of Community Affairs shall provide substantive staff support for the task force.

(3) MEMBERSHIP.--The members of the task force shall be appointed as follows:

(a) The Governor shall appoint two members who have expertise in financial matters, one of whom is a representative of the mobile or manufactured home industry and one of whom is a representative of insurance consumers.

(b) The Chief Financial Officer shall appoint two members who have expertise in financial matters, one of whom is a representative of a property insurer writing mobile or manufactured homeowners insurance in this state and one of whom is a representative of insurance agents.

(c) The President of the Senate shall appoint one member.

(d) The Speaker of the House of Representatives shall appoint one member.

(e) The Commissioner of Insurance Regulation or his or her designee shall serve as an ex officio voting member of the task force.

(f) The Executive Director of Citizens Property Insurance or his or her designee shall serve as an ex officio voting member of the task force.

(g) The Chief Executive Officer of the Federal Alliance for Safe Homes, Incorporated or his or her designee shall serve as an ex officio voting member of the task force.

Members of the task force shall serve without compensation but may receive reimbursement for per diem and travel expenses as provided in s. 112.061, Florida Statutes.

(4) PURPOSE AND INTENT.--The Legislature recognizes the continued availability of hurricane insurance coverage for

mobile and manufactured home owners in this state is essential to the state's economic survival. The Legislature further recognizes hurricane mitigation measures and building codes may reduce the likelihood or amount of damage to mobile or manufactured homes in the event of a hurricane. The Legislature further recognizes mobile and manufactured homes provide safe and affordable housing to many residents of this state. The purpose of the task force is to make recommendations to the legislative and executive branches of this state's government relating to the creation and maintenance of insurance capacity in the private sector and public sector that is sufficient to ensure that all mobile and manufactured home owners in this state are able to obtain appropriate insurance coverage for hurricane losses and relating to the effectiveness of hurricane mitigation measures for mobile or manufactured homes as further described in this section.

(5) SPECIFIC TASKS.--The task force shall conduct such research and hearings as the task force deems necessary to achieve the purposes specified in subsection (4) and shall develop information on relevant issues, including, but not limited to, the following issues:

(a) Whether this state currently has sufficient hurricane insurance capacity for mobile and manufactured homes to ensure the continuation of a healthy, competitive marketplace, taking into consideration private-sector and public-sector resources.

(b) Identifying the future demands on the hurricane insurance capacity of this state, taking into account population growth, coastal growth, and anticipated future hurricane activity.

(c) Identifying how many mobile or manufactured homes are occupied in this state, how many mobile or manufactured homes are occupied by owners who also own the land to which the unit is attached, the age or average age of mobile or manufactured homes, the location of such homes, and the size of such homes.

(d) The extent to which the growth in insurance on mobile or manufactured homes in Citizens Property Insurance Corporation is attributable to insufficient insurance capacity.

(e) The extent to which the growth trends of Citizens Property Insurance Corporation create long-term problems for mobile and manufactured home owners in this state and for other persons and businesses that depend on a viable market.

(f) The extent to which insurance discounts, credits, or other rate differentials or reductions in the hurricane insurance deductible for a mobile or manufactured homeowner who takes mitigative measures would increase hurricane insurance capacity for mobile or manufactured homeowners.

(g) The extent hurricane mitigation enhancements to mobile or manufactured homes decreases the likelihood of damage from a hurricane or decreases the amount of damage from a hurricane.

(h) The extent to which the building codes reduce the likelihood of damage or amount of damage to mobile or manufactured homes.

(6) REPORT AND RECOMMENDATIONS.--By January 1, 2007, the task force shall provide a report containing findings relating to the tasks identified in subsection (5) and recommendations consistent with the purposes of this section and also consistent with such findings. The task force shall submit the report to the Governor, the Chief Financial Officer, the President of the

Senate, and the Speaker of the House of Representatives. The task force may also submit such interim reports as the task force deems appropriate.

(7) EXPIRATION.--The task force shall expire on January 2, 2007.

Section 22. By January 1, 2007, the Office of Insurance Regulation shall submit a report to the President of the Senate, the Speaker of the House of Representatives, the minority party leaders of the Senate and the House of Representatives, and the chairs of the standing committees of the Senate and the House of Representatives having jurisdiction over matters relating to property and casualty insurance. In preparing the report, the office shall consult with the Department of Highway Safety and Motor Vehicles, the Department of Community Affairs, the Florida Building Commission, the Florida Home Builders Association, representatives of the mobile and manufactured home industry, representatives of the property and casualty insurance industry, and any other party the office determines is appropriate. The report shall include findings and recommendations on the insurability of attached or free standing structures to residential homes, mobile, or manufactured homes, such as carports or pool enclosures; the increase or decrease in insurance costs associated with insuring such structures; the feasibility of insuring such structures; the impact on homeowners of not having insurance coverage for such structures; the ability of mitigation measures relating to such structures to reduce risk and loss; and such other related information as the office determines is appropriate for the Legislature to consider.

Section 23. (1) The Office of Insurance Regulation, in consultation with the Department of Community Affairs, the Department of Financial Services, the Federal Alliance for Safe Homes, the Florida Insurance Council, the Florida Home Builders Association, the Florida Manufactured Housing Association, the Risk and Insurance Department of Florida State University, and the Institute for Business and Homes Safety, shall study and develop a program that will provide an objective rating system that will allow homeowners to evaluate the relative ability of Florida properties to withstand the wind load from a sustained severe tropical storm or hurricane.

(2) The rating system will be designed in a manner that is easy to understand for the property owner, based on proven readily verifiable mitigation techniques and devices, and able to be implemented based on a visual inspection program. The Department of Financial Services shall implement a pilot program for use in the Florida Comprehensive Hurricane Damage Mitigation Program.

(3) The Department shall provide a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by March 31, 2007, detailing the nature and construction of the rating scale, its effectiveness based on implementation in a pilot program, and an operational plan for statewide implementation of the rating scale.

Section 24. (1) For fiscal year 2006-2007, the sum of $100 million is appropriated from the General Revenue Fund to the Department of Financial Services for the Florida Hurricane Damage Prevention Endowment as a nonrecurring appropriation for the purposes specified in s. 215.558, Florida Statutes.

(2) The sum of $400 million is appropriated from the General Revenue Fund to the Department of Financial Services as a nonrecurring appropriation for the purposes specified in s. 215.5586, Florida Statutes.

(3) Funds provided in subsections (1) and (2) shall be transferred by the department to the Florida Hurricane Damage Prevention Trust Fund, as created in s. 215.5585, Florida Statutes.

(4) For fiscal year 2006-2007, the recurring sum of $5 million is appropriated to the Department of Financial Services from the Florida Hurricane Damage Prevention Trust Fund, Special Category - Financial Incentives for Hurricane Damage Prevention.

(5) For fiscal year 2006-2007, the nonrecurring sum of $392.5 million is appropriated to the Department of Financial Services from the Florida Hurricane Damage Prevention Trust Fund, Special Category - Florida Comprehensive Hurricane Damage Mitigation Program. The department may spend up to 1 percent of the funds appropriated to administer the program. Notwithstanding s. 216.301, Florida Statutes, and pursuant to s. 216.351, Florida Statutes, any unexpended balance from this appropriation shall be carried forward at the end of each fiscal year until the 2010-2011 fiscal year. At the end of the 2010-2011 fiscal year, any obligated funds for qualified projects that are not yet disbursed shall remain with the department to be used for the purposes of this act. Any unobligated funds of this appropriation shall revert to the Florida Hurricane Damage Prevention Trust Fund at the end of the 2010-2011 fiscal year.

(6) For fiscal year 2006-2007, the nonrecurring sum of $7.5 million is appropriated to the Department of Community

Affairs from the Florida Hurricane Damage Prevention Trust Fund, Special Category - Florida Comprehensive Hurricane Damage Mitigation Program. The department may spend up to 5 percent of the funds appropriated to administer the Manufactured Housing and Mobile Home Hurricane Mitigation Program. Notwithstanding s. 216.301, Florida Statutes, and pursuant to s. 216.351, Florida Statutes, any unexpended balance from this appropriation shall be carried forward at the end of each fiscal year until the 2010-2011 fiscal year. At the end of the 2010-2011 fiscal year, any obligated funds for qualified projects that are not yet disbursed shall remain with the department to be used for the purposes of this act. Any unobligated funds of this appropriation shall revert to the Florida Hurricane Damage Prevention Trust Fund at the end of the 2010-2011 fiscal year.

Section 25. (1) For fiscal year 2006-2007, the sum of $920 million in nonrecurring funds is appropriated from the General Revenue Fund to the Department of Financial Services for transfer to the Citizens Property Insurance Corporation to avoid regular assessments on assessable insurers, as authorized under s. 627.351(6)(b)3.b., Florida Statutes, for the 2005 Plan Year deficit. The board of governors of the corporation shall use appropriated state moneys to fund that portion of the 2005 Plan Year deficit which would result in the levying of regular assessments in the commercial lines, personal lines, and high-risk accounts. The transfer made by the department to the corporation shall be limited to the amount of the total regular assessments that were authorized by law to cover the 2005 Plan Year deficit. Any unused and remaining funds in this appropriation shall revert to the General Revenue Fund.

(2) The corporation shall amortize over a 10-year period any emergency assessments resulting from the 2005 Plan Year deficit.

Section 26. For fiscal year 2006-2007, the sums of $250,000 in recurring funds and $425,000 in nonrecurring funds are appropriated from the Insurance Regulatory Trust Fund in the Department of Financial Services to the Office of Insurance Regulation for the purpose of carrying out reporting and administrative responsibilities of this act.

Section 27. Task Force on Hurricane Mitigation and Hurricane Insurance for Mobile and Manufactured Homes.--

(1) TASK FORCE CREATED.--There is created the Task Force on Hurricane Mitigation and Hurricane Insurance for Mobile and Manufactured Homes.

(2) ADMINISTRATION.--The task force shall be administratively housed within the Office of Insurance Regulation but shall operate independently of any state officer or agency. The office shall provide such administrative support as the task force deems necessary to accomplish its mission and shall provide necessary funding for the task force within the office's existing resources. The Executive Office of the Governor, the Department of Financial Services, the Office of Insurance Regulation, the Department of Highway Safety and Motor Vehicles, and the Department of Community Affairs shall provide substantive staff support for the task force.

(3) MEMBERSHIP.--The members of the task force shall be appointed as follows:

(a) The Governor shall appoint two members who have expertise in financial matters, one of whom is a representative of the mobile or manufactured home industry and one of whom is a representative of insurance consumers.

(b) The Chief Financial Officer shall appoint two members who have expertise in financial matters, one of whom is a representative of a property insurer writing mobile or manufactured homeowners insurance in this state and one of whom is a representative of insurance agents.

(c) The President of the Senate shall appoint one member.

(d) The Speaker of the House of Representatives shall appoint one member.

(e) The Commissioner of Insurance Regulation or his or her designee shall serve as an ex officio voting member of the task force.

(f) The Executive Director of Citizens Property Insurance or his or her designee shall serve as an ex officio voting member of the task force.

(g) The Chief Executive Officer of the Federal Alliance for Safe Homes, Incorporated or his or her designee shall serve as an ex officio voting member of the task force.

Members of the task force shall serve without compensation but may receive reimbursement for per diem and travel expenses as provided in s. 112.061, Florida Statutes.

(4) PURPOSE AND INTENT.--The Legislature recognizes the continued availability of hurricane insurance coverage for mobile and manufactured home owners in this state is essential to the state's economic survival. The Legislature further recognizes hurricane mitigation measures and building codes may reduce the likelihood or amount of damage to mobile or

manufactured homes in the event of a hurricane. The Legislature further recognizes mobile and manufactured homes provide safe and affordable housing to many residents of this state. The purpose of the task force is to make recommendations to the legislative and executive branches of this state's government relating to the creation and maintenance of insurance capacity in the private sector and public sector that is sufficient to ensure that all mobile and manufactured home owners in this state are able to obtain appropriate insurance coverage for hurricane losses and relating to the effectiveness of hurricane mitigation measures for mobile or manufactured homes as further described in this section.

(5) SPECIFIC TASKS.--The task force shall conduct such research and hearings as the task force deems necessary to achieve the purposes specified in subsection (4) and shall develop information on relevant issues, including, but not limited to, the following issues:

(a) Whether this state currently has sufficient hurricane insurance capacity for mobile and manufactured homes to ensure the continuation of a healthy, competitive marketplace, taking into consideration private-sector and public-sector resources.

(b) Identifying the future demands on the hurricane insurance capacity of this state, taking into account population growth, coastal growth, and anticipated future hurricane activity.

(c) Identifying how many mobile or manufactured homes are occupied in this state, how many mobile or manufactured homes are occupied by owners who also own the land to which the unit is attached, the age or average age of mobile or manufactured homes, the location of such homes, and the size of such homes.

(d) The extent to which the growth in insurance on mobile or manufactured homes in Citizens Property Insurance Corporation is attributable to insufficient insurance capacity.

(e) The extent to which the growth trends of Citizens Property Insurance Corporation create long-term problems for mobile and manufactured home owners in this state and for other persons and businesses that depend on a viable market.

(f) The extent to which insurance discounts, credits, or other rate differentials or reductions in the hurricane insurance deductible for a mobile or manufactured homeowner who takes mitigative measures would increase hurricane insurance capacity for mobile or manufactured homeowners.

(g) The extent hurricane mitigation enhancements to mobile or manufactured homes decreases the likelihood of damage from a hurricane or decreases the amount of damage from a hurricane.

(h) The extent to which the building codes reduce the likelihood of damage or amount of damage to mobile or manufactured homes.

(6) REPORT AND RECOMMENDATIONS.--By January 1, 2007, the task force shall provide a report containing findings relating to the tasks identified in subsection (5) and recommendations consistent with the purposes of this section and also consistent with such findings. The task force shall submit the report to the Governor, the Chief Financial Officer, the President of the Senate, and the Speaker of the House of Representatives. The task force may also submit such interim reports as the task force deems appropriate.

(7) EXPIRATION.--The task force shall expire on January 2, 2007.

Section 28. By January 1, 2007, the Office of Insurance Regulation shall submit a report to the President of the Senate, the Speaker of the House of Representatives, the minority party leaders of the Senate and the House of Representatives, and the chairs of the standing committees of the Senate and the House of Representatives having jurisdiction over matters relating to property and casualty insurance. In preparing the report, the office shall consult with the Department of Highway Safety and Motor Vehicles, the Department of Community Affairs, the Florida Building Commission, the Florida Home Builders Association, representatives of the mobile and manufactured home industry, representatives of the property and casualty insurance industry, and any other party the office determines is appropriate. The report shall include findings and recommendations on the insurability of attached or free standing structures to residential homes, mobile, or manufactured homes, such as carports or pool enclosures; the increase or decrease in insurance costs associated with insuring such structures; the feasibility of insuring such structures; the impact on homeowners of not having insurance coverage for such structures; the ability of mitigation measures relating to such structures to reduce risk and loss; and such other related information as the office determines is appropriate for the Legislature to consider.

Section 29. (1) The Office of Insurance Regulation, in consultation with the Department of Community Affairs, the Department of Financial Services, the Federal Alliance for Safe

Homes, the Florida Insurance Council, the Florida Home Builders Association, the Florida Manufactured Housing Association, the Risk and Insurance Department of Florida State University, and the Institute for Business and Homes Safety, shall study and develop a program that will provide an objective rating system that will allow homeowners to evaluate the relative ability of Florida properties to withstand the wind load from a sustained severe tropical storm or hurricane.

(2) The rating system will be designed in a manner that is easy to understand for the property owner, based on proven readily verifiable mitigation techniques and devices, and able to be implemented based on a visual inspection program. The Department of Financial Services shall implement a pilot program for use in the Florida Comprehensive Hurricane Damage Mitigation Program.

(3) The Department shall provide a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by March 31, 2007, detailing the nature and construction of the rating scale, its effectiveness based on implementation in a pilot program, and an operational plan for statewide implementation of the rating scale.

Section 30. (1) For fiscal year 2006-2007, the sum of $100 million is appropriated from the General Revenue Fund to the Department of Financial Services for the Florida Hurricane Damage Prevention Endowment as a nonrecurring appropriation for the purposes specified in s. 215.558, Florida Statutes.

(2) The sum of $400 million is appropriated from the General Revenue Fund to the Department of Financial Services as

a nonrecurring appropriation for the purposes specified in s. 215.5586, Florida Statutes.

(3) Funds provided in subsections (1) and (2) shall be transferred by the department to the Florida Hurricane Damage Prevention Trust Fund, as created in s. 215.5585, Florida Statutes.

(4) For fiscal year 2006-2007, the recurring sum of $5 million is appropriated to the Department of Financial Services from the Florida Hurricane Damage Prevention Trust Fund, Special Category - Financial Incentives for Hurricane Damage Prevention.

(5) For fiscal year 2006-2007, the nonrecurring sum of $392.5 million is appropriated to the Department of Financial Services from the Florida Hurricane Damage Prevention Trust Fund, Special Category - Florida Comprehensive Hurricane Damage Mitigation Program. The department may spend up to 1 percent of the funds appropriated to administer the program. Notwithstanding s. 216.301, Florida Statutes, and pursuant to s. 216.351, Florida Statutes, any unexpended balance from this appropriation shall be carried forward at the end of each fiscal year until the 2010-2011 fiscal year. At the end of the 2010-2011 fiscal year, any obligated funds for qualified projects that are not yet disbursed shall remain with the department to be used for the purposes of this act. Any unobligated funds of this appropriation shall revert to the Florida Hurricane Damage Prevention Trust Fund at the end of the 2010-2011 fiscal year.

(6) For fiscal year 2006-2007, the nonrecurring sum of $7.5 million is appropriated to the Department of Community Affairs from the Florida Hurricane Damage Prevention Trust Fund, Special Category - Florida Comprehensive Hurricane Damage

Mitigation Program. The department may spend up to 5 percent of the funds appropriated to administer the Manufactured Housing and Mobile Home Hurricane Mitigation Program. Notwithstanding s. 216.301, Florida Statutes, and pursuant to s. 216.351, Florida Statutes, any unexpended balance from this appropriation shall be carried forward at the end of each fiscal year until the 2010-2011 fiscal year. At the end of the 2010-2011 fiscal year, any obligated funds for qualified projects that are not yet disbursed shall remain with the department to be used for the purposes of this act. Any unobligated funds of this appropriation shall revert to the Florida Hurricane Damage Prevention Trust Fund at the end of the 2010-2011 fiscal year.

Section 31. (1) For fiscal year 2006-2007, the sum of $920 million in nonrecurring funds is appropriated from the General Revenue Fund to the Department of Financial Services for transfer to the Citizens Property Insurance Corporation to avoid regular assessments on assessable insurers, as authorized under s. 627.351(6)(b)3.b., Florida Statutes, for the 2005 Plan Year deficit. The board of governors of the corporation shall use appropriated state moneys to fund that portion of the 2005 Plan Year deficit which would result in the levying of regular assessments in the commercial lines, personal lines, and high-risk accounts. The transfer made by the department to the corporation shall be limited to the amount of the total regular assessments that were authorized by law to cover the 2005 Plan Year deficit. Any unused and remaining funds in this appropriation shall revert to the General Revenue Fund.

(2) The corporation shall amortize over a 10-year period any emergency assessments resulting from the 2005 Plan Year deficit.

Section 32. For fiscal year 2006-2007, the sums of $250,000 in recurring funds and $425,000 in nonrecurring funds are appropriated from the Insurance Regulatory Trust Fund in the Department of Financial Services to the Office of Insurance Regulation for the purpose of carrying out reporting and administrative responsibilities of this act.

Section 33. Except as otherwise expressly provided in this act, this act shall take effect January 1, 2007.

======= T I T L E A M E N D M E N T ==========

Remove the entire title and insert:

A bill to be entitled

An act relating to property and casualty insurance; amending s. 215.555, F.S.; revising findings and purposes; revising definitions; changing the name of the fund to the Florida Hurricane Insurance Fund; revising requirements for reimbursement contracts; providing requirements, procedures, and methodologies for policyholders to pay premiums to insurers, insurers to remit premiums to the fund, insurers to reimburse policyholders for hurricane losses, and the state to reimburse insurers from the fund for payments to policyholders; deleting a required annual appropriation from the investment income of the Florida Hurricane Catastrophe Fund for certain purposes; providing coverage limitations; providing exceptions; providing for discounted premiums to certain insurers under certain circumstances; deleting conflicting provisions; revising reimbursement premium provisions to conform; renaming the Florida Hurricane Catastrophe Fund Finance Corporation as the Florida Hurricane Insurance Fund Finance Corporation; making conforming changes; creating s. 215.558, F.S.; creating the Florida Hurricane Damage Prevention Endowment; providing a purpose and legislative intent; providing definitions; providing requirements and authority for investment of endowment assets by the State Board of Administration; requiring a report to the Legislature; providing for payment of the board's investment services' costs and fees from the endowment; providing requirements of the Department of Financial Services in providing financial incentives for residential hurricane damage prevention activities; providing for an interest-free loan program; providing program criteria and requirements; creating an advisory council for certain purposes; providing for appointment of members; requiring members to serve without compensation; providing for per diem and travel expenses; creating s. 215.5586, F.S.; establishing the Florida Comprehensive Hurricane Damage Mitigation Program within the Department of Financial Services; providing qualifications for the program administrator; providing program components and requirements; providing for wind certification and hurricane mitigation inspections; providing inspection requirements; providing inspector eligibility requirements; providing for grants; providing grant requirements; providing for loans; providing public education and consumer awareness requirements; creating an advisory council; providing for appointment of members; specifying service without compensation; providing for per diem and travel expense reimbursements; requiring the department to adopt rules; amending. s. 215.559, F.S.; creating the Manufactured Housing and Mobile Home Hurricane Mitigation Program for certain purposes; requiring the Department of Community Affairs to develop the program in consultation with certain entities; specifying requirements of the program; specifying the program as a matching grant program for improvement of mobile homes and manufactured homes; providing for distribution of the grants to the Department of Community Affairs for certain purposes; requiring Citizens Property Insurance Corporation to grant certain insurance discounts, credits, rate differentials, or deductible reductions for property insurance premiums for certain manufactured home or mobile home owners; specifying criteria for such premiums; requiring a program report each year to the Governor and Legislature; providing report requirements; amending ss. 215.556, 624.424, 624.5091, 627.062, 627.0628, 627.0629, 627.351, 627.701, and 627.7077, F.S., to conform; providing a for the sunset of Citizens Property Insurance Corporation wind-storm coverage; providing for the use of sales tax revenues generated as estimated by the Office of Economic and Demographic Research; amending and renumbering ss. 350.061, 350.0611, and 350.0612, F.S.; amending provisions relating to the Office of Insurance Regulation; amending

s. 408.40, F.S.; correcting a cross-reference; amending s. 109(3), ch. 2000-141, Laws of Florida; deleting a limitation subjecting certain portions of coastal counties to certain debris requirements adopted by the Florida Building Commission; creating the Task Force on Hurricane Mitigation and Hurricane Insurance for Mobile and Manufactured Homes; providing for administration by the office; specifying additional agency administrative staff; providing for appointment of task force members; requiring members to serve without compensation; providing for per diem and travel expenses; providing purpose and intent; requiring the task force to address specified issues; requiring a report to the Governor, Chief Financial Officer, and Legislature; providing for expiration of the task force; requiring the Office of Insurance Regulation to submit reports to the Legislature relating to the insurability of certain attached or free standing structures ; providing report requirements; providing duties of the office; providing appropriations; specifying uses and purposes of appropriations; providing effective dates.