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LEGISLATIVE ACTION

Senate	.	House
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The Committee on Budget (Hays) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Paragraph (k) of subsection (2) of section
627.062, Florida Statutes, is amended, and paragraph (l) is
added to that subsection, to read:

627.062 Rate standards.—

(2) As to all such classes of insurance:

(k)1. A residential property ~~An~~ insurer may make a separate
filing limited solely to an adjustment of its rates for
reinsurance, the cost of financing products used as a
replacement for reinsurance, ~~or~~ financing costs incurred in the



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14 purchase of reinsurance, ~~or financing products to replace or~~
15 ~~finance the payment of the amount covered by the Temporary~~
16 ~~Increase in Coverage Limits (TICL) portion of the Florida~~
17 ~~Hurricane Catastrophe Fund including replacement reinsurance for~~
18 ~~the TICL reductions made pursuant to s. 215.555(17)(e); the~~
19 ~~actual cost paid due to the application of the TICL premium~~
20 ~~factor pursuant to s. 215.555(17)(f); and the actual cost paid~~
21 ~~due to the application of the cash build-up factor pursuant to~~
22 ~~s. 215.555(5)(b) if the insurer:~~

23 a. Elects to purchase financing products such as a
24 liquidity instrument or line of credit, in which case the cost
25 included in ~~the~~ filing for the liquidity instrument or line of
26 credit may not result in a premium increase exceeding 3 percent
27 for any individual policyholder. All costs contained in the
28 filing may not result in an overall premium increase of more
29 than 15 ~~10~~ percent for any individual policyholder.

30 b. Includes in the filing a copy of all of its reinsurance,
31 liquidity instrument, or line of credit contracts; proof of the
32 billing or payment for the contracts; and the calculation upon
33 which the proposed rate change is based demonstrating
34 ~~demonstrates~~ that the costs meet the criteria of this section
35 ~~and are not loaded for expenses or profit for the insurer making~~
36 ~~the filing.~~

37 ~~e. Includes no other changes to its rates in the filing.~~

38 ~~d. Has not implemented a rate increase within the 6 months~~
39 ~~immediately preceding the filing.~~

40 ~~e. Does not file for a rate increase under any other~~
41 ~~paragraph within 6 months after making a filing under this~~
42 ~~paragraph.~~



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43 ~~c.f.~~ That purchases reinsurance or financing products from
44 an affiliated company ~~in compliance with this paragraph~~ does so
45 only if the costs for such reinsurance or financing products are
46 charged at or below charges made for comparable coverage by
47 nonaffiliated reinsurers or financial entities making such
48 coverage or financing products available in this state. For the
49 purposes of this subparagraph, the term "affiliated company"
50 means an entity that owns, or whose ultimate parent company
51 owns, directly or indirectly, more than 50 percent of the
52 outstanding voting securities of the residential property
53 insurer.

54 2. An insurer may ~~only~~ make only one filing per ~~in any~~ 12-
55 month period under this paragraph.

56 3. An insurer that elects to implement a rate change under
57 this paragraph must file its rate filing with the office at
58 least 45 days before the effective date of the rate change.
59 After an insurer submits a complete filing that meets all of the
60 requirements of this paragraph, the office has 45 days after the
61 date of the filing to review the rate filing and determine if
62 the rate is excessive, inadequate, or unfairly discriminatory.

63 (1)1. On or after January 1, 2012, an insurer complying
64 with s. 627.7031 may use a rate for residential property
65 insurance when providing residential coverage, as described in
66 s. 627.4025, different from the otherwise applicable filed rate
67 as provided in this paragraph.

68 2. Policies subject to this paragraph may not be counted in
69 the calculation under s. 627.171(2).

70 3. Such rates shall be filed with the office as a separate
71 filing. The initial rates used by an insurer under this



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72 paragraph may not provide for rates that represent more than a
73 15 percent statewide average rate increase over the most
74 recently filed and approved rate. A rate filing under this
75 paragraph submitted in any year after the implementation of such
76 initial rates may not provide for rates that represent more than
77 a 15 percent statewide average rate increase in a year over the
78 rates in effect under this paragraph at the time of the filing.
79 A rate filing under this paragraph may not provide for a
80 percentage rate increase as to any individual policyholder that
81 exceeds two times the statewide average rate increase provided
82 for in the filing.

83 4. This paragraph does not affect the authority of the
84 office to disapprove a rate as inadequate or to disapprove a
85 rate filing for charging any insured or applicant a higher
86 premium solely because of the insured's or applicant's race,
87 religion, marital status, sex, or national origin. Upon finding
88 that an insurer has used any such factor in charging an insured
89 or applicant a higher premium, the office may direct the insurer
90 to make a new filing for a new rate that does not use such
91 factor.

92
93 The provisions of this subsection shall not apply to workers'
94 compensation and employer's liability insurance and to motor
95 vehicle insurance.

96 Section 2. Effective January 1, 2015, paragraph (1) of
97 subsection (2) of section 627.062, Florida Statutes, as created
98 by this act, is amended to read:

99 627.062 Rate standards.—

100 (2) As to all such classes of insurance:



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101 (1)1. On or after January 1, 2012, an insurer complying
102 with the requirements of s. 627.7031 may use a rate for
103 residential property insurance when providing residential
104 coverage, as described in s. 627.4025, different from the
105 otherwise applicable filed rate as provided in this paragraph.

106 2. Policies subject to this paragraph may not be counted in
107 the calculation under s. 627.171(2).

108 3. Such rates shall be filed with the office as a separate
109 filing. The initial rates used by an insurer under this
110 paragraph may not provide for rates that represent more than a
111 15 percent statewide average rate increase over the most
112 recently filed and approved rate. A rate filing under this
113 paragraph submitted in any year after the implementation of such
114 initial rates may not provide for rates that represent more than
115 a 15 percent statewide average rate increase in a year over the
116 rates in effect under this paragraph at the time of the filing.
117 A rate filing under this paragraph may not provide for a
118 percentage rate increase as to any individual policyholder that
119 exceeds two times the statewide average rate increase provided
120 for in the filing.

121 4.a. A filing under this paragraph must include a statement
122 that the insurer has in place, or intends to have in place as of
123 the effective date of the rates, a combination of surplus,
124 Florida Hurricane Catastrophe Fund coverage, reinsurance, and
125 reinsurance equivalents sufficient to cover the insurer's 100-
126 year probable maximum loss as described in s. 627.7031.

127 b. No later than the last day of July of the year in which
128 the rates are in effect, the insurer must provide its
129 certification to the office demonstrating that it has in fact in



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130 place a combination of surplus, Florida Hurricane Catastrophe
131 Fund coverage, reinsurance, and reinsurance equivalents
132 sufficient to cover the insurer's 100-year probable maximum loss
133 as described in s. 627.7031.

134 c. If the insurer fails to maintain the required
135 combination of surplus, Florida Hurricane Catastrophe Fund
136 coverage, reinsurance, and reinsurance equivalents, the subject
137 rate filing under this paragraph is void and shall be replaced
138 by the insurer's rates in effect under this paragraph at the
139 time of the filing, retroactive to the effective date of the
140 subject rate filing under this paragraph. In such circumstances,
141 the office shall order the insurer to return to each insured the
142 difference between the premium calculated according to the rate
143 filing under this paragraph and the premium under the rates in
144 effect under this paragraph at the time of the subject filing,
145 which may, in the discretion of the insurer, be in the form of a
146 refund or a credit. This sub-subparagraph does not preclude the
147 insurer from making another filing under this paragraph, but
148 such filing may not take effect before June 1 of the following
149 year.

150 5.4. This paragraph does not affect the authority of the
151 office to disapprove a rate as inadequate or to disapprove a
152 rate filing for charging any insured or applicant a higher
153 premium solely because of the insured's or applicant's race,
154 color, creed, marital status, sex, or national origin. Upon
155 finding that an insurer has used any such factor in charging an
156 insured or applicant a higher premium, the office may direct the
157 insurer to make a new filing for a new rate that does not use
158 such factor.



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The provisions of this subsection shall not apply to workers' compensation and employer's liability insurance and to motor vehicle insurance.

Section 3. Paragraph (c) of subsection (6) of section 627.351, Florida Statutes, is amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE 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 and nonresidential policy forms that are generally similar to the basic perils of full coverage obtainable for commercial residential structures and commercial nonresidential structures in the admitted voluntary market.

d. Personal lines and commercial lines residential property



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188 insurance forms that cover the peril of wind only. The forms are
189 applicable only to residential properties located in areas
190 eligible for coverage under the high-risk account referred to in
191 sub-subparagraph (b)2.a.

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

197 f. The corporation may adopt variations of the policy forms
198 listed in sub-subparagraphs a.-e. that contain more restrictive
199 coverage.

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

206 (I) "Quota share primary insurance" means an arrangement in
207 which the primary hurricane coverage of an eligible risk is
208 provided in specified percentages by the corporation and an
209 authorized insurer. The corporation and authorized insurer are
210 each solely responsible for a specified percentage of hurricane
211 coverage of an eligible risk as set forth in a quota share
212 primary insurance agreement between the corporation and an
213 authorized insurer and the insurance contract. The
214 responsibility of the corporation or authorized insurer to pay
215 its specified percentage of hurricane losses of an eligible
216 risk, as set forth in the quota share primary insurance



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217 agreement, may not be altered by the inability of the other
218 party to the agreement to pay its specified percentage of
219 hurricane losses. Eligible risks that are provided hurricane
220 coverage through a quota share primary insurance arrangement
221 must be provided policy forms that set forth the obligations of
222 the corporation and authorized insurer under the arrangement,
223 clearly specify the percentages of quota share primary insurance
224 provided by the corporation and authorized insurer, and
225 conspicuously and clearly state that neither the authorized
226 insurer nor the corporation may be held responsible beyond its
227 specified percentage of coverage of hurricane losses.

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

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

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

242 d. Any quota share primary insurance agreement entered into
243 between an authorized insurer and the corporation must provide
244 for a uniform specified percentage of coverage of hurricane
245 losses, by county or territory as set forth by the corporation



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246 board, for all eligible risks of the authorized insurer covered
247 under the quota share primary insurance agreement.

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

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

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

271 h. The quota share primary insurance agreement between the
272 corporation and an authorized insurer must set forth the
273 specific terms under which coverage is provided, including, but
274 not limited to, the sale and servicing of policies issued under



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275 the agreement by the insurance agent of the authorized insurer
276 producing the business, the reporting of information concerning
277 eligible risks, the payment of premium to the corporation, and
278 arrangements for the adjustment and payment of hurricane claims
279 incurred on eligible risks by the claims adjuster and personnel
280 of the authorized insurer. Entering into a quota sharing
281 insurance agreement between the corporation and an authorized
282 insurer shall be voluntary and at the discretion of the
283 authorized insurer.

284 3. May provide that the corporation may employ or otherwise
285 contract with individuals or other entities to provide
286 administrative or professional services that may be appropriate
287 to effectuate the plan. The corporation shall have the power to
288 borrow funds, by issuing bonds or by incurring other
289 indebtedness, and shall have other powers reasonably necessary
290 to effectuate the requirements of this subsection, including,
291 without limitation, the power to issue bonds and incur other
292 indebtedness in order to refinance outstanding bonds or other
293 indebtedness. The corporation may, but is not required to, seek
294 judicial validation of its bonds or other indebtedness under
295 chapter 75. The corporation may issue bonds or incur other
296 indebtedness, or have bonds issued on its behalf by a unit of
297 local government pursuant to subparagraph (q)2., in the absence
298 of a hurricane or other weather-related event, upon a
299 determination by the corporation, subject to approval by the
300 office, that such action would enable it to efficiently meet the
301 financial obligations of the corporation and that such
302 financings are reasonably necessary to effectuate the
303 requirements of this subsection. The corporation is authorized



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304 to take all actions needed to facilitate tax-free status for any
305 such bonds or indebtedness, including formation of trusts or
306 other affiliated entities. The corporation shall have the
307 authority to pledge assessments, projected recoveries from the
308 Florida Hurricane Catastrophe Fund, other reinsurance
309 recoverables, market equalization and other surcharges, and
310 other funds available to the corporation as security for bonds
311 or other indebtedness. In recognition of s. 10, Art. I of the
312 State Constitution, prohibiting the impairment of obligations of
313 contracts, it is the intent of the Legislature that no action be
314 taken whose purpose is to impair any bond indenture or financing
315 agreement or any revenue source committed by contract to such
316 bond or other indebtedness.

317 4.a. Must require that the corporation operate subject to
318 the supervision and approval of a board of governors consisting
319 of eight individuals who are residents of this state, from
320 different geographical areas of this state. The Governor, the
321 Chief Financial Officer, the President of the Senate, and the
322 Speaker of the House of Representatives shall each appoint two
323 members of the board. At least one of the two members appointed
324 by each appointing officer must have demonstrated expertise in
325 insurance. The Chief Financial Officer shall designate one of
326 the appointees as chair. All board members serve at the pleasure
327 of the appointing officer. All members of the board of governors
328 are subject to removal at will by the officers who appointed
329 them. All board members, including the chair, must be appointed
330 to serve for 3-year terms beginning annually on a date
331 designated by the plan. However, for the first term beginning on
332 or after July 1, 2009, each appointing officer shall appoint one



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333 member of the board for a 2-year term and one member for a 3-
334 year term. Any board vacancy shall be filled for the unexpired
335 term by the appointing officer. The Chief Financial Officer
336 shall appoint a technical advisory group to provide information
337 and advice to the board of governors in connection with the
338 board's duties under this subsection. The executive director and
339 senior managers of the corporation shall be engaged by the board
340 and serve at the pleasure of the board. Any executive director
341 appointed on or after July 1, 2006, is subject to confirmation
342 by the Senate. The executive director is responsible for
343 employing other staff as the corporation may require, subject to
344 review and concurrence by the board.

345 b. The board shall create a Market Accountability Advisory
346 Committee to assist the corporation in developing awareness of
347 its rates and its customer and agent service levels in
348 relationship to the voluntary market insurers writing similar
349 coverage. The members of the advisory committee shall consist of
350 the following 11 persons, one of whom must be elected chair by
351 the members of the committee: four representatives, one
352 appointed by the Florida Association of Insurance Agents, one by
353 the Florida Association of Insurance and Financial Advisors, one
354 by the Professional Insurance Agents of Florida, and one by the
355 Latin American Association of Insurance Agencies; three
356 representatives appointed by the insurers with the three highest
357 voluntary market share of residential property insurance
358 business in the state; one representative from the Office of
359 Insurance Regulation; one consumer appointed by the board who is
360 insured by the corporation at the time of appointment to the
361 committee; one representative appointed by the Florida



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362 Association of Realtors; and one representative appointed by the
363 Florida Bankers Association. All members must serve for 3-year
364 terms and may serve for consecutive terms. The committee shall
365 report to the corporation at each board meeting on insurance
366 market issues which may include rates and rate competition with
367 the voluntary market; service, including policy issuance, claims
368 processing, and general responsiveness to policyholders,
369 applicants, and agents; and matters relating to depopulation.

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

372 a. Subject to the provisions of s. 627.3517, with respect
373 to personal lines residential risks, if the risk is offered
374 coverage from an authorized insurer at the insurer's approved
375 rate under either a standard policy including wind coverage or,
376 if consistent with the insurer's underwriting rules as filed
377 with the office, a basic policy including wind coverage, for a
378 new application to the corporation for coverage, the risk is not
379 eligible for any policy issued by the corporation unless the
380 premium for coverage from the authorized insurer is more than 15
381 percent greater than the premium for comparable coverage from
382 the corporation. If the risk is not able to obtain any such
383 offer, the risk is eligible for either a standard policy
384 including wind coverage or a basic policy including wind
385 coverage issued by the corporation; however, if the risk could
386 not be insured under a standard policy including wind coverage
387 regardless of market conditions, the risk shall be eligible for
388 a basic policy including wind coverage unless rejected under
389 subparagraph 8. However, with regard to a policyholder of the
390 corporation or a policyholder removed from the corporation



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391 through an assumption agreement until the end of the assumption
392 period, the policyholder remains eligible for coverage from the
393 corporation regardless of any offer of coverage from an
394 authorized insurer or surplus lines insurer. The corporation
395 shall determine the type of policy to be provided on the basis
396 of objective standards specified in the underwriting manual and
397 based on generally accepted underwriting practices.

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

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

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

415
416 If the producing agent is unwilling or unable to accept
417 appointment, the new insurer shall pay the agent in accordance
418 with sub-sub-sub-subparagraph (A).

419 (II) When the corporation enters into a contractual



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420 agreement for a take-out plan, the producing agent of record of
421 the corporation policy is entitled to retain any unearned
422 commission on the policy, and the insurer shall:

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

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

433
434 If the producing agent is unwilling or unable to accept
435 appointment, the new insurer shall pay the agent in accordance
436 with sub-sub-sub-subparagraph (A).

437 b. With respect to commercial lines residential risks, for
438 a new application to the corporation for coverage, if the risk
439 is offered coverage under a policy including wind coverage from
440 an authorized insurer at its approved rate, the risk is not
441 eligible for any policy issued by the corporation unless the
442 premium for coverage from the authorized insurer is more than 15
443 percent greater than the premium for comparable coverage from
444 the corporation. If the risk is not able to obtain any such
445 offer, the risk is eligible for a policy including wind coverage
446 issued by the corporation. However, with regard to a
447 policyholder of the corporation or a policyholder removed from
448 the corporation through an assumption agreement until the end of



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449 the assumption period, the policyholder remains eligible for
450 coverage from the corporation regardless of any offer of
451 coverage from an authorized insurer or surplus lines insurer.

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

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

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

469
470 If the producing agent is unwilling or unable to accept
471 appointment, the new insurer shall pay the agent in accordance
472 with sub-sub-sub-subparagraph (A).

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

477 (A) Pay to the producing agent of record of the corporation



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478 policy, for the first year, an amount that is the greater of the
479 insurer's usual and customary commission for the type of policy
480 written or a fee equal to the usual and customary commission of
481 the corporation; or

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

487
488 If the producing agent is unwilling or unable to accept
489 appointment, the new insurer shall pay the agent in accordance
490 with sub-sub-sub-subparagraph (A).

491 c. For purposes of determining comparable coverage under
492 sub-subparagraphs a. and b., the comparison shall be based on
493 those forms and coverages that are reasonably comparable. The
494 corporation may rely on a determination of comparable coverage
495 and premium made by the producing agent who submits the
496 application to the corporation, made in the agent's capacity as
497 the corporation's agent. A comparison may be made solely of the
498 premium with respect to the main building or structure only on
499 the following basis: the same coverage A or other building
500 limits; the same percentage hurricane deductible that applies on
501 an annual basis or that applies to each hurricane for commercial
502 residential property; the same percentage of ordinance and law
503 coverage, if the same limit is offered by both the corporation
504 and the authorized insurer; the same mitigation credits, to the
505 extent the same types of credits are offered both by the
506 corporation and the authorized insurer; the same method for loss



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507 payment, such as replacement cost or actual cash value, if the
508 same method is offered both by the corporation and the
509 authorized insurer in accordance with underwriting rules; and
510 any other form or coverage that is reasonably comparable as
511 determined by the board. If an application is submitted to the
512 corporation for wind-only coverage in the high-risk account, the
513 premium for the corporation's wind-only policy plus the premium
514 for the ex-wind policy that is offered by an authorized insurer
515 to the applicant shall be compared to the premium for multiperil
516 coverage offered by an authorized insurer, subject to the
517 standards for comparison specified in this subparagraph. If the
518 corporation or the applicant requests from the authorized
519 insurer a breakdown of the premium of the offer by types of
520 coverage so that a comparison may be made by the corporation or
521 its agent and the authorized insurer refuses or is unable to
522 provide such information, the corporation may treat the offer as
523 not being an offer of coverage from an authorized insurer at the
524 insurer's approved rate.

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

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

535 8. Must provide objective criteria and procedures to be



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

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

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

545

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

549 9. Must provide that the corporation shall make its best
550 efforts to procure catastrophe reinsurance at reasonable rates,
551 to cover its projected 100-year probable maximum loss as
552 determined by the board of governors.

553 10. The policies issued by the corporation must provide
554 that, if the corporation or the market assistance plan obtains
555 an offer from an authorized insurer to cover the risk at its
556 approved rates, the risk is no longer eligible for renewal
557 through the corporation, except as otherwise provided in this
558 subsection.

559 11. Corporation policies and applications must include a
560 notice that the corporation policy could, under this section, be
561 replaced with a policy issued by an authorized insurer that does
562 not provide coverage identical to the coverage provided by the
563 corporation. The notice shall also specify that acceptance of
564 corporation coverage creates a conclusive presumption that the



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565 applicant or policyholder is aware of this potential.

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

581 13. Must provide that, with respect to the high-risk
582 account, any assessable insurer with a surplus as to
583 policyholders of \$25 million or less writing 25 percent or more
584 of its total countrywide property insurance premiums in this
585 state may petition the office, within the first 90 days of each
586 calendar year, to qualify as a limited apportionment company. A
587 regular assessment levied by the corporation on a limited
588 apportionment company for a deficit incurred by the corporation
589 for the high-risk account in 2006 or thereafter may be paid to
590 the corporation on a monthly basis as the assessments are
591 collected by the limited apportionment company from its insureds
592 pursuant to s. 627.3512, but the regular assessment must be paid
593 in full within 12 months after being levied by the corporation.



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594 A limited apportionment company shall collect from its
595 policyholders any emergency assessment imposed under sub-
596 subparagraph (b)3.d. The plan shall provide that, if the office
597 determines that any regular assessment will result in an
598 impairment of the surplus of a limited apportionment company,
599 the office may direct that all or part of such assessment be
600 deferred as provided in subparagraph (q)4. However, there shall
601 be no limitation or deferment of an emergency assessment to be
602 collected from policyholders under sub-subparagraph (b)3.d.

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

610 15. Must provide, by July 1, 2007, a premium payment plan
611 option to its policyholders which allows at a minimum for
612 quarterly and semiannual payment of premiums. A monthly payment
613 plan may, but is not required to, be offered.

614 16. Must limit coverage on mobile homes or manufactured
615 homes built prior to 1994 to actual cash value of the dwelling
616 rather than replacement costs of the dwelling.

617 17. May provide such limits of coverage as the board
618 determines, consistent with the requirements of this subsection.

619 18. May require commercial property to meet specified
620 hurricane mitigation construction features as a condition of
621 eligibility for coverage.

622 19. As of January 1, 2012, must require that the agent



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623 obtain from an applicant for coverage from the corporation an
624 acknowledgement signed by the applicant, which includes, at a
625 minimum, the following statement:

626
627 ACKNOWLEDGEMENT OF POTENTIAL SURCHARGE AND ASSESSMENT
628 LIABILITY:

629
630 1. AS A POLICYHOLDER OF CITIZENS PROPERTY
631 INSURANCE CORPORATION, I UNDERSTAND THAT IF THE
632 CORPORATION SUSTAINS A DEFICIT AS A RESULT OF
633 HURRICANE LOSSES OR FOR ANY OTHER REASON, MY POLICY
634 COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND
635 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF
636 THE POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH
637 AS 45 PERCENT OF MY PREMIUM, OR A DIFFERENT AMOUNT AS
638 IMPOSED BY THE FLORIDA LEGISLATURE.

639 2. I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO
640 EMERGENCY ASSESSMENTS TO THE SAME EXTENT AS
641 POLICYHOLDERS OF OTHER INSURANCE COMPANIES, OR A
642 DIFFERENT AMOUNT AS IMPOSED BY THE STATE LEGISLATURE.

643 3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY
644 INSURANCE CORPORATION IS NOT SUPPORTED BY THE FULL
645 FAITH AND CREDIT OF THE STATE OF FLORIDA.

646
647 a. The corporation shall maintain, in electronic format or
648 otherwise, a copy of the applicant's signed acknowledgement and
649 provide a copy of the statement to the policyholder as part of
650 the first renewal after the effective date of this sub-
651 subparagraph.



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652 b. The signed acknowledgement form creates a conclusive
653 presumption that the policyholder understood and accepted his or
654 her potential surcharge and assessment liability as a
655 policyholder of the corporation.

656 Section 4. Section 627.7031, Florida Statutes, is created
657 to read:

658 627.7031 Residential property insurance option.-

659 (1) An insurer holding a certificate of authority to write
660 property insurance in this state may offer or renew residential
661 property insurance policies at rates established in accordance
662 with s. 627.062(2)(1), subject to all of the requirements and
663 prohibitions of this section.

664 (2) An insurer offering or renewing policies at rates
665 established in accordance with s. 627.062(2)(1) may not purchase
666 coverage from the Florida Hurricane Catastrophe Fund under the
667 temporary increase in coverage limit option under s.
668 215.555(17).

669 (3) Before the effective date of a newly issued policy at
670 rates established in accordance with s. 627.062(2)(1) or before
671 the effective date of a renewal policy at rates established in
672 accordance with s. 627.062(2)(1), the applicant or insured must
673 be given the following notice, printed in at least 12-point
674 boldfaced type:

675
676 THE RATE FOR THIS POLICY IS NOT SUBJECT TO FULL RATE
677 REGULATION BY THE FLORIDA OFFICE OF INSURANCE
678 REGULATION AND MAY BE HIGHER THAN RATES APPROVED BY
679 THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT TO
680 FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE



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681 FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS
682 PROPERTY INSURANCE CORPORATION. PLEASE DISCUSS YOUR
683 POLICY OPTIONS WITH AN INSURANCE AGENT WHO CAN PROVIDE
684 A CITIZENS QUOTE. YOU MAY WISH TO VIEW THE OFFICE OF
685 INSURANCE REGULATION'S WEBSITE AT
686 WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION ABOUT
687 CHOICES AVAILABLE TO YOU.
688

689 For policies renewed at a rate established in accordance with s.
690 627.062(2)(1), the notice must be furnished in writing at the
691 same time as the renewal notice on a document separate from the
692 renewal notice, but may be included within the same mailing as
693 the renewal notice.

694 (4) Before the effective date of a newly issued policy at
695 rates established in accordance with s. 627.062(2)(1) or before
696 the effective date of the first renewal at rates established in
697 accordance with s. 627.062(2)(1) of a policy originally issued
698 before the effective date of this section, the applicant or
699 insured must:

700 (a) Be provided or offered, for comparison purposes, an
701 estimate of the premium for a policy from Citizens Property
702 Insurance Corporation reflecting substantially similar
703 coverages, limits, and deductibles to the extent available.

704 (b) Provide the insurer or agent with a signed copy of the
705 following acknowledgment form, which must be retained by the
706 insurer or agent for at least 3 years. If the acknowledgment
707 form is signed by the insured or if the insured remits payment
708 in the amount of the rate established in accordance with s.
709 627.062(2)(1) after being mailed, otherwise provided, or offered



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710 the comparison specified in paragraph (a), an insurer renewing a
711 policy at such rate shall be deemed to comply with this section,
712 and it is presumed that the insured has been informed and
713 understands the information contained in the comparison and
714 acknowledgment forms:

715
716 ACKNOWLEDGMENT:

717 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND
718 THE REQUIRED PREMIUM COMPARISON.

719 2. I UNDERSTAND THAT THE RATE FOR THIS
720 RESIDENTIAL PROPERTY INSURANCE POLICY IS NOT SUBJECT
721 TO FULL RATE REGULATION BY THE FLORIDA OFFICE OF
722 INSURANCE REGULATION AND MAY BE HIGHER THAN RATES
723 APPROVED BY THAT OFFICE.

724 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY
725 INSURANCE POLICY SUBJECT TO FULL RATE REGULATION
726 REQUIREMENTS MAY BE AVAILABLE FROM CITIZENS PROPERTY
727 INSURANCE CORPORATION.

728 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF
729 INSURANCE REGULATION'S WEBSITE
730 WWW.SHOPANDCOMPARERATES.COM CONTAINS RESIDENTIAL
731 PROPERTY INSURANCE RATE COMPARISON INFORMATION.

732
733 (5) The following types of residential property insurance
734 policies are not eligible for rates established in accordance
735 with s. 627.062(2)(1) and are not subject to the other
736 provisions of this section:

737 (a) Residential property insurance policies that exclude
738 coverage for the perils of windstorm or hurricane.



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739 (b) Residential property insurance policies subject to a
740 consent decree, agreement, understanding, or other arrangement
741 between the insurer and the office relating to rates or premiums
742 for policies removed from Citizens Property Insurance
743 Corporation.

744 Section 5. Effective January 1, 2015, section 627.7031,
745 Florida Statutes, as created by this act, is amended to read:

746 627.7031 Residential property insurance option.—

747 (1) An insurer holding a certificate of authority to write
748 property insurance in this state may offer or renew residential
749 property insurance policies at rates established in accordance
750 with s. 627.062(2)(1), subject to all of the requirements and
751 prohibitions of this section.

752 (2) An insurer may offer or renew policies at rates
753 established in accordance with s. 627.062(2)(1) only if the
754 insurer has in place a combination of surplus, Florida Hurricane
755 Catastrophe Fund coverage, reinsurance, and reinsurance
756 equivalents sufficient to cover the insurer's 100-year probable
757 maximum loss. The insurer shall determine its probable maximum
758 loss using one or more models that meet the standards of the
759 Florida Commission on Hurricane Loss Projection Methodology.

760 ~~(3)~~(2) An insurer offering or renewing policies at rates
761 established in accordance with s. 627.062(2)(1) may not purchase
762 coverage from the Florida Hurricane Catastrophe Fund under the
763 temporary increase in coverage limit option under s.
764 215.555(17).

765 ~~(4)~~(3)(a) Before the effective date of a newly issued
766 policy at rates established in accordance with s. 627.062(2)(1)
767 or before the effective date of a renewal policy at rates



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768 established in accordance with s. 627.062(2)(1), the applicant
769 or insured must be given the following notice, printed in at
770 least 12-point boldfaced type:

771
772 THE RATE FOR THIS POLICY IS NOT SUBJECT TO FULL RATE
773 REGULATION BY THE FLORIDA OFFICE OF INSURANCE
774 REGULATION AND MAY BE HIGHER THAN RATES APPROVED BY
775 THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT TO
776 FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE
777 FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS
778 PROPERTY INSURANCE CORPORATION. PLEASE DISCUSS YOUR
779 POLICY OPTIONS WITH AN INSURANCE AGENT WHO CAN PROVIDE
780 A CITIZENS QUOTE. YOU MAY WISH TO VIEW THE OFFICE OF
781 INSURANCE REGULATION'S WEBSITE AT
782 WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION ABOUT
783 CHOICES AVAILABLE TO YOU.

784
785 (b) For policies renewed at a rate established in
786 accordance with s. 627.062(2)(1), the notice described in
787 paragraph (a) must be furnished in writing at the same time as
788 the renewal notice on a document separate from the renewal
789 notice, but may be contained within the same mailing as the
790 renewal notice.

791 ~~(5)-(4)~~ Before the effective date of a newly issued policy
792 at rates established in accordance with s. 627.062(2)(1) or
793 before the effective date of the first renewal at rates
794 established in accordance with s. 627.062(2)(1) of a policy
795 originally issued before the effective date of this section, the
796 applicant or insured must:



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797 (a) Be provided or offered, for comparison purposes, an
798 estimate of the premium for a policy from Citizens Property
799 Insurance Corporation reflecting substantially similar
800 coverages, limits, and deductibles to the extent available.

801 (b) Provide the insurer or agent with a signed copy of the
802 following acknowledgment form, which must be retained by the
803 insurer or agent for at least 3 years. If the acknowledgment
804 form is signed by the insured or if the insured remits payment
805 in the amount of the rate established in accordance with s.
806 627.062(2)(1) after being mailed, otherwise provided, or offered
807 the comparison specified in paragraph (a), an insurer renewing a
808 policy at such rate shall be deemed to comply with this section,
809 and it is presumed that the insured has been informed and
810 understands the information contained in the comparison and
811 acknowledgment forms:

812
813 ACKNOWLEDGMENT:

814 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND
815 THE REQUIRED PREMIUM COMPARISON.

816 2. I UNDERSTAND THAT THE RATE FOR THIS
817 RESIDENTIAL PROPERTY INSURANCE POLICY IS NOT SUBJECT
818 TO FULL RATE REGULATION BY THE FLORIDA OFFICE OF
819 INSURANCE REGULATION AND MAY BE HIGHER THAN RATES
820 APPROVED BY THAT OFFICE.

821 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY
822 INSURANCE POLICY SUBJECT TO FULL RATE REGULATION
823 REQUIREMENTS MAY BE AVAILABLE FROM CITIZENS PROPERTY
824 INSURANCE CORPORATION.

825 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF



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826 INSURANCE REGULATION'S WEBSITE
827 WWW.SHOPANDCOMPARERATES.COM CONTAINS RESIDENTIAL
828 PROPERTY INSURANCE RATE COMPARISON INFORMATION.
829

830 ~~(6)~~(5) The following types of residential property
831 insurance policies are not eligible for rates established in
832 accordance with s. 627.062(2)(1) and are not subject to the
833 other provisions of this section:

834 (a) Residential property insurance policies that exclude
835 coverage for the perils of windstorm or hurricane.

836 (b) Residential property insurance policies subject to a
837 consent decree, agreement, understanding, or other arrangement
838 between the insurer and the office relating to rates or premiums
839 for policies removed from Citizens Property Insurance
840 Corporation.

841 Section 6. Except as otherwise expressly provided in this
842 act, this act shall take effect upon becoming a law.

843
844 ===== T I T L E A M E N D M E N T =====

845 And the title is amended as follows:

846 Delete everything before the enacting clause
847 and insert:

848 A bill to be entitled
849 An act relating to residential property insurance;
850 amending s. 627.062, F.S.; revising costs to be
851 included in a rate filing; revising the overall
852 premium increase for a rate filing; revising the
853 information that must be included in a rate filing
854 relating to reinsurance; deleting a provision



855 prohibiting an insurer from implementing a rate
856 increase within 6 months before it makes certain rate
857 filings; deleting a provision prohibiting an insurer
858 from filing for a rate increase within 6 months after
859 it makes certain rate filings; authorizing an insurer
860 to use a rate for residential property insurance that
861 differs from its otherwise filed rate after a
862 specified date under certain circumstances; requiring
863 such rates to be filed with the Office of Insurance
864 Regulation; specifying the maximum difference between
865 rates; limiting the percentage rate increase as to any
866 individual policyholder; preserving the authority of
867 the office to disapprove a rate for inadequacy or
868 discrimination; providing a future revision that
869 requires the inclusion of a statement in certain rate
870 filings relating to the insurer's current or future
871 ability to cover a specified probable maximum loss,
872 requires certification by an insurer relating to the
873 insurer's ability to actually cover a specified
874 probable maximum loss, voids certain rates if an
875 insurer fails to maintain sufficient funds or
876 coverages to cover a specified probable maximum loss,
877 and requires refunds and credits to insureds if an
878 insurer fails to maintain sufficient funds or
879 coverages to cover a specified probable maximum loss;
880 amending s. 627.351, F.S.; requiring insurance agents
881 to obtain a signed acknowledgment from an applicant
882 for coverage and certain policyholders relating to
883 surcharges and assessments potentially being imposed



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884 under a Citizens Property Insurance Corporation
885 policy; requiring Citizens Property Insurance
886 Corporation to maintain signed acknowledgments;
887 specifying that a signed acknowledgment creates an
888 evidentiary presumption relating to an insured's
889 liability for surcharges and assessments; creating s.
890 627.7031, F.S.; specifying circumstances under which
891 an insurer may offer or renew residential property
892 insurance policies subject to the amendments to s.
893 627.062, F.S., contained in this act; prohibiting such
894 insurers from procuring coverage under the temporary
895 increase in coverage limits option; requiring specific
896 notices to applicant or insured; requiring Citizens
897 Property Insurance Corporation premium estimates and
898 signed acknowledgments; specifying ineligible types of
899 policies; providing a future revision requiring an
900 insurer to have certain resources to cover a specified
901 probable maximum loss in order to offer or renew
902 policies at certain rates; providing effective dates.