

By Senator Hays

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1 A bill to be entitled
2 An act relating to residential property insurance;
3 amending s. 627.062, F.S.; authorizing an insurer to
4 use a rate for residential property insurance that
5 differs from its otherwise filed rate after a
6 specified date under certain circumstances; requiring
7 such rates to be filed with the Office of Insurance
8 Regulation; specifying the maximum difference between
9 rates; limiting the percentage rate increase as to any
10 individual policyholder; preserving the authority of
11 the office to disapprove a rate for inadequacy or
12 discrimination; providing a future revision that
13 requires the inclusion of a statement in certain rate
14 filings relating to the insurer's current or future
15 ability to cover a specified probable maximum loss,
16 requires certification by an insurer relating to the
17 insurer's ability to actually cover a specified
18 probable maximum loss, voids certain rates if an
19 insurer fails to maintain sufficient funds or
20 coverages to cover a specified probable maximum loss,
21 and requires refunds and credits to insureds if an
22 insurer fails to maintain sufficient funds or
23 coverages to cover a specified probable maximum loss;
24 amending s. 627.351, F.S.; requiring insurance agents
25 to obtain a signed acknowledgment from an applicant
26 for coverage and certain policyholders relating to
27 surcharges and assessments potentially being imposed
28 under a Citizens Property Insurance Corporation
29 policy; requiring Citizens Property Insurance

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30 Corporation to maintain signed acknowledgments for a
31 specified time; specifying that a signed
32 acknowledgment creates an evidentiary presumption
33 relating to an insured's liability for surcharges and
34 assessments; creating s. 627.7031, F.S.; specifying
35 circumstances under which an insurer may offer or
36 renew residential property insurance policies subject
37 to the amendments to s. 627.062, F.S., contained in
38 this act; prohibiting such insurers from procuring
39 coverage under the temporary increase in coverage
40 limits option; requiring specific notices to applicant
41 or insured; requiring Citizens Property Insurance
42 Corporation premium estimates and signed
43 acknowledgments; specifying ineligible types of
44 policies; providing a future revision requiring an
45 insurer to have certain resources to cover a specified
46 probable maximum loss in order to offer or renew
47 policies at certain rates; providing effective dates.

48
49 Be It Enacted by the Legislature of the State of Florida:

50
51 Section 1. Paragraph (1) is added to subsection (2) of
52 section 627.062, Florida Statutes, to read:

53 627.062 Rate standards.—

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

55 (1)1. On or after January 1, 2012, an insurer complying
56 with the requirements of s. 627.7031 may use a rate for
57 residential property insurance when providing residential
58 coverage, as described in s. 627.4025, different from the

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59 otherwise applicable filed rate as provided in this paragraph.

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

62 3. Such rates shall be filed with the office as a separate
63 filing. The initial rates used by an insurer under this
64 paragraph may not provide for rates that represent more than a
65 15-percent statewide average rate increase over the most
66 recently filed and approved rate. A rate filing under this
67 paragraph submitted in any year after the implementation of such
68 initial rates may not provide for rates that represent more than
69 a 15-percent statewide average rate increase in a year over the
70 rates in effect under this paragraph at the time of the filing.
71 A rate filing under this paragraph may not provide for a
72 percentage rate increase as to any individual policyholder that
73 exceeds 2 times the statewide average rate increase provided for
74 in the filing.

75 4. This paragraph does not affect the authority of the
76 office to disapprove a rate as inadequate or to disapprove a
77 rate filing for charging any insured or applicant a higher
78 premium solely because of the insured's or applicant's race,
79 color, creed, marital status, sex, or national origin. Upon
80 finding that an insurer has used any such factor in charging an
81 insured or applicant a higher premium, the office may direct the
82 insurer to make a new filing for a new rate that does not use
83 such factor.

84
85 The provisions of this subsection shall not apply to workers'
86 compensation and employer's liability insurance and to motor
87 vehicle insurance.

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

91 627.062 Rate standards.—

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

93 (1)1. On or after January 1, 2012, an insurer complying
94 with the requirements of s. 627.7031 may use a rate for
95 residential property insurance when providing residential
96 coverage, as described in s. 627.4025, different from the
97 otherwise applicable filed rate as provided in this paragraph.

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

100 3. Such rates shall be filed with the office as a separate
101 filing. The initial rates used by an insurer under this
102 paragraph may not provide for rates that represent more than a
103 15-percent statewide average rate increase over the most
104 recently filed and approved rate. A rate filing under this
105 paragraph submitted in any year after the implementation of such
106 initial rates may not provide for rates that represent more than
107 a 15-percent statewide average rate increase in a year over the
108 rates in effect under this paragraph at the time of the filing.
109 A rate filing under this paragraph may not provide for a
110 percentage rate increase as to any individual policyholder that
111 exceeds 2 times the statewide average rate increase provided for
112 in the filing.

113 4.a. A filing under this paragraph must include a statement
114 that the insurer has in place, or intends to have in place as of
115 the effective date of the rates, a combination of surplus,
116 Florida Hurricane Catastrophe Fund coverage, reinsurance, and

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117 reinsurance equivalents sufficient to cover the insurer's 100-
118 year probable maximum seasonal hurricane loss as described in s.
119 627.7031.

120 b. No later than the last day of July of a year in which
121 the rates are in effect, the insurer must provide its
122 certification to the office demonstrating that it in fact has in
123 place a combination of surplus, Florida Hurricane Catastrophe
124 Fund Coverage, reinsurance, and reinsurance equivalents
125 sufficient to cover the insurer's 100-year probable maximum
126 seasonal hurricane loss as described in s. 627.7031.

127 c. If the insurer fails to maintain the required
128 combination of surplus, Florida Hurricane Catastrophe Fund
129 Coverage, reinsurance, and reinsurance equivalents, the subject
130 rate filing under this paragraph is void and shall be replaced
131 by the insurer's rates in effect under this paragraph at the
132 time of the filing, retroactive to the effective date of the
133 subject rate filing under this paragraph. In such circumstances,
134 the office shall order the insurer to return to each insured the
135 difference between the premium calculated according to the rate
136 filing under this paragraph and the premium under the rates in
137 effect under this paragraph at the time of the subject filing,
138 which may, in the discretion of the insurer, be in the form of
139 either a refund or a credit. Nothing in this sub-subparagraph
140 precludes the insurer from making another filing under this
141 paragraph, but such filing may not take effect before June 1 of
142 the following year.

143 5.4. This paragraph does not affect the authority of the
144 office to disapprove a rate as inadequate or to disapprove a
145 rate filing for charging any insured or applicant a higher

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146 premium solely because of the insured's or applicant's race,
147 color, creed, marital status, sex, or national origin. Upon
148 finding that an insurer has used any such factor in charging an
149 insured or applicant a higher premium, the office may direct the
150 insurer to make a new filing for a new rate that does not use
151 such factor.

152
153 The provisions of this subsection shall not apply to workers'
154 compensation and employer's liability insurance and to motor
155 vehicle insurance.

156 Section 3. Paragraph (c) of subsection (6) of section
157 627.351, Florida Statutes, is amended to read:

158 627.351 Insurance risk apportionment plans.—

159 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

160 (c) The plan of operation of the corporation:

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

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

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

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175 c. Commercial lines residential and nonresidential policy
176 forms that are generally similar to the basic perils of full
177 coverage obtainable for commercial residential structures and
178 commercial nonresidential structures in the admitted voluntary
179 market.

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

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

190 f. The corporation may adopt variations of the policy forms
191 listed in sub-subparagraphs a.-e. that contain more restrictive
192 coverage.

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

199 (I) "Quota share primary insurance" means an arrangement in
200 which the primary hurricane coverage of an eligible risk is
201 provided in specified percentages by the corporation and an
202 authorized insurer. The corporation and authorized insurer are
203 each solely responsible for a specified percentage of hurricane

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204 coverage of an eligible risk as set forth in a quota share
205 primary insurance agreement between the corporation and an
206 authorized insurer and the insurance contract. The
207 responsibility of the corporation or authorized insurer to pay
208 its specified percentage of hurricane losses of an eligible
209 risk, as set forth in the quota share primary insurance
210 agreement, may not be altered by the inability of the other
211 party to the agreement to pay its specified percentage of
212 hurricane losses. Eligible risks that are provided hurricane
213 coverage through a quota share primary insurance arrangement
214 must be provided policy forms that set forth the obligations of
215 the corporation and authorized insurer under the arrangement,
216 clearly specify the percentages of quota share primary insurance
217 provided by the corporation and authorized insurer, and
218 conspicuously and clearly state that neither the authorized
219 insurer nor the corporation may be held responsible beyond its
220 specified percentage of coverage of hurricane losses.

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

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

229 c. If the corporation determines that additional coverage
230 levels are necessary to maximize participation in quota share
231 primary insurance agreements by authorized insurers, the
232 corporation may establish additional coverage levels. However,

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233 the corporation's quota share primary insurance coverage level
234 may not exceed 90 percent.

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

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

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

258 g. The corporation board shall establish in its plan of
259 operation standards for quota share agreements which ensure that
260 there is no discriminatory application among insurers as to the
261 terms of quota share agreements, pricing of quota share

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262 agreements, incentive provisions if any, and consideration paid
263 for servicing policies or adjusting claims.

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

277 3. May provide that the corporation may employ or otherwise
278 contract with individuals or other entities to provide
279 administrative or professional services that may be appropriate
280 to effectuate the plan. The corporation shall have the power to
281 borrow funds, by issuing bonds or by incurring other
282 indebtedness, and shall have other powers reasonably necessary
283 to effectuate the requirements of this subsection, including,
284 without limitation, the power to issue bonds and incur other
285 indebtedness in order to refinance outstanding bonds or other
286 indebtedness. The corporation may, but is not required to, seek
287 judicial validation of its bonds or other indebtedness under
288 chapter 75. The corporation may issue bonds or incur other
289 indebtedness, or have bonds issued on its behalf by a unit of
290 local government pursuant to subparagraph (q)2., in the absence

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291 of a hurricane or other weather-related event, upon a
292 determination by the corporation, subject to approval by the
293 office, that such action would enable it to efficiently meet the
294 financial obligations of the corporation and that such
295 financings are reasonably necessary to effectuate the
296 requirements of this subsection. The corporation is authorized
297 to take all actions needed to facilitate tax-free status for any
298 such bonds or indebtedness, including formation of trusts or
299 other affiliated entities. The corporation shall have the
300 authority to pledge assessments, projected recoveries from the
301 Florida Hurricane Catastrophe Fund, other reinsurance
302 recoverables, market equalization and other surcharges, and
303 other funds available to the corporation as security for bonds
304 or other indebtedness. In recognition of s. 10, Art. I of the
305 State Constitution, prohibiting the impairment of obligations of
306 contracts, it is the intent of the Legislature that no action be
307 taken whose purpose is to impair any bond indenture or financing
308 agreement or any revenue source committed by contract to such
309 bond or other indebtedness.

310 4.a. Must require that the corporation operate subject to
311 the supervision and approval of a board of governors consisting
312 of eight individuals who are residents of this state, from
313 different geographical areas of this state. The Governor, the
314 Chief Financial Officer, the President of the Senate, and the
315 Speaker of the House of Representatives shall each appoint two
316 members of the board. At least one of the two members appointed
317 by each appointing officer must have demonstrated expertise in
318 insurance. The Chief Financial Officer shall designate one of
319 the appointees as chair. All board members serve at the pleasure

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320 of the appointing officer. All members of the board of governors
321 are subject to removal at will by the officers who appointed
322 them. All board members, including the chair, must be appointed
323 to serve for 3-year terms beginning annually on a date
324 designated by the plan. However, for the first term beginning on
325 or after July 1, 2009, each appointing officer shall appoint one
326 member of the board for a 2-year term and one member for a 3-
327 year term. Any board vacancy shall be filled for the unexpired
328 term by the appointing officer. The Chief Financial Officer
329 shall appoint a technical advisory group to provide information
330 and advice to the board of governors in connection with the
331 board's duties under this subsection. The executive director and
332 senior managers of the corporation shall be engaged by the board
333 and serve at the pleasure of the board. Any executive director
334 appointed on or after July 1, 2006, is subject to confirmation
335 by the Senate. The executive director is responsible for
336 employing other staff as the corporation may require, subject to
337 review and concurrence by the board.

338 b. The board shall create a Market Accountability Advisory
339 Committee to assist the corporation in developing awareness of
340 its rates and its customer and agent service levels in
341 relationship to the voluntary market insurers writing similar
342 coverage. The members of the advisory committee shall consist of
343 the following 11 persons, one of whom must be elected chair by
344 the members of the committee: four representatives, one
345 appointed by the Florida Association of Insurance Agents, one by
346 the Florida Association of Insurance and Financial Advisors, one
347 by the Professional Insurance Agents of Florida, and one by the
348 Latin American Association of Insurance Agencies; three

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349 representatives appointed by the insurers with the three highest
350 voluntary market share of residential property insurance
351 business in the state; one representative from the Office of
352 Insurance Regulation; one consumer appointed by the board who is
353 insured by the corporation at the time of appointment to the
354 committee; one representative appointed by the Florida
355 Association of Realtors; and one representative appointed by the
356 Florida Bankers Association. All members must serve for 3-year
357 terms and may serve for consecutive terms. The committee shall
358 report to the corporation at each board meeting on insurance
359 market issues which may include rates and rate competition with
360 the voluntary market; service, including policy issuance, claims
361 processing, and general responsiveness to policyholders,
362 applicants, and agents; and matters relating to depopulation.

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

365 a. Subject to the provisions of s. 627.3517, with respect
366 to personal lines residential risks, if the risk is offered
367 coverage from an authorized insurer at the insurer's approved
368 rate under either a standard policy including wind coverage or,
369 if consistent with the insurer's underwriting rules as filed
370 with the office, a basic policy including wind coverage, for a
371 new application to the corporation for coverage, the risk is not
372 eligible for any policy issued by the corporation unless the
373 premium for coverage from the authorized insurer is more than 15
374 percent greater than the premium for comparable coverage from
375 the corporation. If the risk is not able to obtain any such
376 offer, the risk is eligible for either a standard policy
377 including wind coverage or a basic policy including wind

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378 coverage issued by the corporation; however, if the risk could
379 not be insured under a standard policy including wind coverage
380 regardless of market conditions, the risk shall be eligible for
381 a basic policy including wind coverage unless rejected under
382 subparagraph 8. However, with regard to a policyholder of the
383 corporation or a policyholder removed from the corporation
384 through an assumption agreement until the end of the assumption
385 period, the policyholder remains eligible for coverage from the
386 corporation regardless of any offer of coverage from an
387 authorized insurer or surplus lines insurer. The corporation
388 shall determine the type of policy to be provided on the basis
389 of objective standards specified in the underwriting manual and
390 based on generally accepted underwriting practices.

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

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

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

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407 for the type of policy written.

408

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

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

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

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

426

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

430 b. With respect to commercial lines residential risks, for
431 a new application to the corporation for coverage, if the risk
432 is offered coverage under a policy including wind coverage from
433 an authorized insurer at its approved rate, the risk is not
434 eligible for any policy issued by the corporation unless the
435 premium for coverage from the authorized insurer is more than 15

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436 percent greater than the premium for comparable coverage from
437 the corporation. If the risk is not able to obtain any such
438 offer, the risk is eligible for a policy including wind coverage
439 issued by the corporation. However, with regard to a
440 policyholder of the corporation or a policyholder removed from
441 the corporation through an assumption agreement until the end of
442 the assumption period, the policyholder remains eligible for
443 coverage from the corporation regardless of any offer of
444 coverage from an authorized insurer or surplus lines insurer.

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

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

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

462
463 If the producing agent is unwilling or unable to accept
464 appointment, the new insurer shall pay the agent in accordance

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465 with sub-sub-sub-subparagraph (A).

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

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

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

480

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

484 c. For purposes of determining comparable coverage under
485 sub-subparagraphs a. and b., the comparison shall be based on
486 those forms and coverages that are reasonably comparable. The
487 corporation may rely on a determination of comparable coverage
488 and premium made by the producing agent who submits the
489 application to the corporation, made in the agent's capacity as
490 the corporation's agent. A comparison may be made solely of the
491 premium with respect to the main building or structure only on
492 the following basis: the same coverage A or other building
493 limits; the same percentage hurricane deductible that applies on

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494 an annual basis or that applies to each hurricane for commercial
495 residential property; the same percentage of ordinance and law
496 coverage, if the same limit is offered by both the corporation
497 and the authorized insurer; the same mitigation credits, to the
498 extent the same types of credits are offered both by the
499 corporation and the authorized insurer; the same method for loss
500 payment, such as replacement cost or actual cash value, if the
501 same method is offered both by the corporation and the
502 authorized insurer in accordance with underwriting rules; and
503 any other form or coverage that is reasonably comparable as
504 determined by the board. If an application is submitted to the
505 corporation for wind-only coverage in the high-risk account, the
506 premium for the corporation's wind-only policy plus the premium
507 for the ex-wind policy that is offered by an authorized insurer
508 to the applicant shall be compared to the premium for multiperil
509 coverage offered by an authorized insurer, subject to the
510 standards for comparison specified in this subparagraph. If the
511 corporation or the applicant requests from the authorized
512 insurer a breakdown of the premium of the offer by types of
513 coverage so that a comparison may be made by the corporation or
514 its agent and the authorized insurer refuses or is unable to
515 provide such information, the corporation may treat the offer as
516 not being an offer of coverage from an authorized insurer at the
517 insurer's approved rate.

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

520 7. Must provide that if premium and investment income for
521 an account attributable to a particular calendar year are in
522 excess of projected losses and expenses for the account

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523 attributable to that year, such excess shall be held in surplus
524 in the account. Such surplus shall be available to defray
525 deficits in that account as to future years and shall be used
526 for that purpose prior to assessing assessable insurers and
527 assessable insureds as to any calendar year.

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

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

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

538
539 The acceptance or rejection of a risk by the corporation shall
540 be construed as the private placement of insurance, and the
541 provisions of chapter 120 shall not apply.

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

546 10. The policies issued by the corporation must provide
547 that, if the corporation or the market assistance plan obtains
548 an offer from an authorized insurer to cover the risk at its
549 approved rates, the risk is no longer eligible for renewal
550 through the corporation, except as otherwise provided in this
551 subsection.

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

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

574 13. Must provide that, with respect to the high-risk
575 account, any assessable insurer with a surplus as to
576 policyholders of \$25 million or less writing 25 percent or more
577 of its total countrywide property insurance premiums in this
578 state may petition the office, within the first 90 days of each
579 calendar year, to qualify as a limited apportionment company. A
580 regular assessment levied by the corporation on a limited

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581 apportionment company for a deficit incurred by the corporation
582 for the high-risk account in 2006 or thereafter may be paid to
583 the corporation on a monthly basis as the assessments are
584 collected by the limited apportionment company from its insureds
585 pursuant to s. 627.3512, but the regular assessment must be paid
586 in full within 12 months after being levied by the corporation.
587 A limited apportionment company shall collect from its
588 policyholders any emergency assessment imposed under sub-
589 subparagraph (b)3.d. The plan shall provide that, if the office
590 determines that any regular assessment will result in an
591 impairment of the surplus of a limited apportionment company,
592 the office may direct that all or part of such assessment be
593 deferred as provided in subparagraph (q)4. However, there shall
594 be no limitation or deferment of an emergency assessment to be
595 collected from policyholders under sub-subparagraph (b)3.d.

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

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

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

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

612 18. May require commercial property to meet specified
613 hurricane mitigation construction features as a condition of
614 eligibility for coverage.

615 19.a. Must require an agent to obtain from any applicant
616 for coverage the following acknowledgment, signed by the
617 applicant, and must require the agent of record to obtain the
618 following acknowledgment from each policyholder of the
619 corporation, signed by the policyholder, before the policy's
620 first renewal after the effective date of this subparagraph:

621
622 ACKNOWLEDGMENT OF POTENTIAL SURCHARGE AND ASSESSMENT

623 LIABILITY:

624 1. I UNDERSTAND, AS A CITIZENS PROPERTY INSURANCE
625 CORPORATION POLICYHOLDER, THAT IF THE CORPORATION
626 SUSTAINS A DEFICIT AS A RESULT OF HURRICANE LOSSES OR
627 FOR ANY OTHER REASON, MY POLICY COULD BE SUBJECT TO
628 CITIZENS POLICYHOLDER SURCHARGES, WHICH WOULD BE DUE
629 AND PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION
630 OF THE POLICY.

631 2. I UNDERSTAND THAT THE SURCHARGES COULD BE AS
632 HIGH AS 15 PERCENT OF MY PREMIUM FOR DEFICITS IN EACH
633 OF THREE CITIZENS ACCOUNTS, OR A DIFFERENT AMOUNT AS
634 ESTABLISHED BY THE FLORIDA LEGISLATURE.

635 3. I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO
636 EMERGENCY ASSESSMENTS TO THE SAME EXTENT AS
637 POLICYHOLDERS OF OTHER INSURANCE COMPANIES.

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639 b. The corporation must permanently maintain a signed copy
 640 of the signed acknowledgment required by this subparagraph, and
 641 the agent may also retain a copy.

642 c. The signed acknowledgment form creates a conclusive
 643 presumption that the policyholder understood and accepted his or
 644 her potential surcharge and assessment liability as a Citizens
 645 Property Insurance Corporation policyholder.

646 Section 4. Section 627.7031, Florida Statutes, is created
 647 to read:

648 627.7031 Residential property insurance option.-

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

654 (2) An insurer offering or renewing policies at rates
 655 established in accordance with s. 627.062(2)(1) may not purchase
 656 coverage from the Florida Hurricane Catastrophe Fund under the
 657 temporary increase in coverage limit option under s.
 658 215.555(17).

659 (3) (a) Before the effective date of a newly issued policy
 660 at rates established in accordance with s. 627.062(2)(1) or
 661 before the effective date of a renewal policy at rates
 662 established in accordance with s. 627.062(2)(1), the applicant
 663 or insured must be given the following notice, printed in at
 664 least 12-point boldfaced type:

665
 666 THE RATE FOR THIS POLICY IS NOT SUBJECT TO FULL RATE
 667 REGULATION BY THE FLORIDA OFFICE OF INSURANCE

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668 REGULATION AND MAY BE HIGHER THAN RATES APPROVED BY
669 THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT TO
670 FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE
671 FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS
672 PROPERTY INSURANCE CORPORATION. PLEASE DISCUSS YOUR
673 POLICY OPTIONS WITH AN INSURANCE AGENT WHO CAN PROVIDE
674 A CITIZENS QUOTE. YOU MAY WISH TO VIEW THE OFFICE OF
675 INSURANCE REGULATION'S WEBSITE AT
676 WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION ABOUT
677 CHOICES AVAILABLE TO YOU.

678
679 (b) For policies renewed at a rate established in
680 accordance with s. 627.062(2)(1), the notice described in
681 paragraph (a) must be furnished in writing at the same time as
682 the renewal notice on a document separate from the renewal
683 notice, but may be contained within the same mailing as the
684 renewal notice.

685 (4) Before the effective date of a newly issued policy at
686 rates established in accordance with s. 627.062(2)(1) or before
687 the effective date of the first renewal at rates established in
688 accordance with s. 627.062(2)(1) of a policy originally issued
689 before the effective date of this section, the applicant or
690 insured must:

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

695 (b) Provide the insurer or agent with a signed copy of the
696 following acknowledgment form, which must be retained by the

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697 insurer or agent for at least 3 years. If the acknowledgment
698 form is signed by the insured or if the insured remits payment
699 in the amount of the rate established in accordance with s.
700 627.062(2)(1) after being mailed, otherwise provided, or offered
701 the comparison specified in paragraph (a), an insurer renewing a
702 policy at such rate shall be deemed to comply with this section,
703 and it is presumed that the insured has been informed and
704 understands the information contained in the comparison and
705 acknowledgment forms:

706
707 ACKNOWLEDGMENT:

708 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND
709 THE REQUIRED PREMIUM COMPARISON.

710 2. I UNDERSTAND THAT THE RATE FOR THIS
711 RESIDENTIAL PROPERTY INSURANCE POLICY IS NOT SUBJECT
712 TO FULL RATE REGULATION BY THE FLORIDA OFFICE OF
713 INSURANCE REGULATION AND MAY BE HIGHER THAN RATES
714 APPROVED BY THAT OFFICE.

715 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY
716 INSURANCE POLICY SUBJECT TO FULL RATE REGULATION
717 REQUIREMENTS MAY BE AVAILABLE FROM CITIZENS PROPERTY
718 INSURANCE CORPORATION.

719 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF
720 INSURANCE REGULATION'S WEBSITE
721 WWW.SHOPANDCOMPARERATES.COM CONTAINS RESIDENTIAL
722 PROPERTY INSURANCE RATE COMPARISON INFORMATION.

723
724 (5) The following types of residential property insurance
725 policies are not eligible for rates established in accordance

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726 with s. 627.062(2)(1) and are not subject to the other
727 provisions of this section:

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

730 (b) Residential property insurance policies subject to a
731 consent decree, agreement, understanding, or other arrangement
732 between the insurer and the office relating to rates or premiums
733 for policies removed from Citizens Property Insurance Corp.

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

736 627.7031 Residential property insurance option.—

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

742 (2) An insurer may offer or renew policies at rates
743 established in accordance with s. 627.062(2)(1) only if the
744 insurer has in place a combination of surplus, Florida Hurricane
745 Catastrophe Fund coverage, reinsurance, and reinsurance
746 equivalents sufficient to cover the insurer's 100-year probable
747 maximum hurricane loss for residential property as determined on
748 a seasonal, rather than a single-event, basis. The insurer shall
749 determine its probable maximum loss using one or more models
750 that meet the standards of the Florida Commission on Hurricane
751 Loss Projection Methodology.

752 (3)~~(2)~~ An insurer offering or renewing policies at rates
753 established in accordance with s. 627.062(2)(1) may not purchase
754 coverage from the Florida Hurricane Catastrophe Fund under the

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755 temporary increase in coverage limit option under s.
756 215.555(17).

757 (4)~~(3)~~ (a) Before the effective date of a newly issued
758 policy at rates established in accordance with s. 627.062(2)(1)
759 or before the effective date of a renewal policy at rates
760 established in accordance with s. 627.062(2)(1), the applicant
761 or insured must be given the following notice, printed in at
762 least 12-point boldfaced type:

763
764 THE RATE FOR THIS POLICY IS NOT SUBJECT TO FULL RATE
765 REGULATION BY THE FLORIDA OFFICE OF INSURANCE
766 REGULATION AND MAY BE HIGHER THAN RATES APPROVED BY
767 THAT OFFICE. A RESIDENTIAL PROPERTY POLICY SUBJECT TO
768 FULL RATE REGULATION REQUIREMENTS MAY BE AVAILABLE
769 FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS
770 PROPERTY INSURANCE CORPORATION. PLEASE DISCUSS YOUR
771 POLICY OPTIONS WITH AN INSURANCE AGENT WHO CAN PROVIDE
772 A CITIZENS QUOTE. YOU MAY WISH TO VIEW THE OFFICE OF
773 INSURANCE REGULATION'S WEBSITE AT
774 WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION ABOUT
775 CHOICES AVAILABLE TO YOU.

776
777 (b) For policies renewed at a rate established in
778 accordance with s. 627.062(2)(1), the notice described in
779 paragraph (a) must be furnished in writing at the same time as
780 the renewal notice on a document separate from the renewal
781 notice, but may be contained within the same mailing as the
782 renewal notice.

783 (5)~~(4)~~ Before the effective date of a newly issued policy

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784 at rates established in accordance with s. 627.062(2)(1) or
785 before the effective date of the first renewal at rates
786 established in accordance with s. 627.062(2)(1) of a policy
787 originally issued before the effective date of this section, the
788 applicant or insured must:

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

793 (b) Provide the insurer or agent with a signed copy of the
794 following acknowledgment form, which must be retained by the
795 insurer or agent for at least 3 years. If the acknowledgment
796 form is signed by the insured or if the insured remits payment
797 in the amount of the rate established in accordance with s.
798 627.062(2)(1) after being mailed, otherwise provided, or offered
799 the comparison specified in paragraph (a), an insurer renewing a
800 policy at such rate shall be deemed to comply with this section,
801 and it is presumed that the insured has been informed and
802 understands the information contained in the comparison and
803 acknowledgment forms:

804

805 ACKNOWLEDGMENT:

806 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND
807 THE REQUIRED PREMIUM COMPARISON.

808 2. I UNDERSTAND THAT THE RATE FOR THIS
809 RESIDENTIAL PROPERTY INSURANCE POLICY IS NOT SUBJECT
810 TO FULL RATE REGULATION BY THE FLORIDA OFFICE OF
811 INSURANCE REGULATION AND MAY BE HIGHER THAN RATES
812 APPROVED BY THAT OFFICE.

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813 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY
814 INSURANCE POLICY SUBJECT TO FULL RATE REGULATION
815 REQUIREMENTS MAY BE AVAILABLE FROM CITIZENS PROPERTY
816 INSURANCE CORPORATION.

817 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF
818 INSURANCE REGULATION'S WEBSITE
819 WWW.SHOPANDCOMPARERATES.COM CONTAINS RESIDENTIAL
820 PROPERTY INSURANCE RATE COMPARISON INFORMATION.

821
822 (6)~~(5)~~ The following types of residential property
823 insurance policies are not eligible for rates established in
824 accordance with s. 627.062(2)(1) and are not subject to the
825 other provisions of this section:

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

828 (b) Residential property insurance policies subject to a
829 consent decree, agreement, understanding, or other arrangement
830 between the insurer and the office relating to rates or premiums
831 for policies removed from Citizens Property Insurance Corp.

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