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CS/CS/HB 1089, Engrossed 1

2014 Legislature

1
2 An act relating to Citizens Property Insurance
3 Corporation; amending s. 627.351, F.S.; extending the
4 date after which certain structures cease to be
5 eligible for coverage by the corporation; providing
6 that a condominium is deemed ineligible for commercial
7 residential wind-only coverage under certain
8 conditions; providing an effective date.

9
10 Be It Enacted by the Legislature of the State of Florida:

11
12 Section 1. Paragraph (a) of subsection (6) of section
13 627.351, Florida Statutes, is amended to read:

14 627.351 Insurance risk apportionment plans.—

15 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

16 (a) The public purpose of this subsection is to ensure
17 that there is an orderly market for property insurance for
18 residents and businesses of this state.

19 1. The Legislature finds that private insurers are
20 unwilling or unable to provide affordable property insurance
21 coverage in this state to the extent sought and needed. The
22 absence of affordable property insurance threatens the public
23 health, safety, and welfare and likewise threatens the economic
24 health of the state. The state therefore has a compelling public
25 interest and a public purpose to assist in assuring that
26 property in the state is insured and that it is insured at



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27 | affordable rates so as to facilitate the remediation,
28 | reconstruction, and replacement of damaged or destroyed property
29 | in order to reduce or avoid the negative effects otherwise
30 | resulting to the public health, safety, and welfare, to the
31 | economy of the state, and to the revenues of the state and local
32 | governments which are needed to provide for the public welfare.
33 | It is necessary, therefore, to provide affordable property
34 | insurance to applicants who are in good faith entitled to
35 | procure insurance through the voluntary market but are unable to
36 | do so. The Legislature intends, therefore, that affordable
37 | property insurance be provided and that it continue to be
38 | provided, as long as necessary, through Citizens Property
39 | Insurance Corporation, a government entity that is an integral
40 | part of the state, and that is not a private insurance company.
41 | To that end, the corporation shall strive to increase the
42 | availability of affordable property insurance in this state,
43 | while achieving efficiencies and economies, and while providing
44 | service to policyholders, applicants, and agents which is no
45 | less than the quality generally provided in the voluntary
46 | market, for the achievement of the foregoing public purposes.
47 | Because it is essential for this government entity to have the
48 | maximum financial resources to pay claims following a
49 | catastrophic hurricane, it is the intent of the Legislature that
50 | the corporation continue to be an integral part of the state and
51 | that the income of the corporation be exempt from federal income
52 | taxation and that interest on the debt obligations issued by the



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53 corporation be exempt from federal income taxation.

54 2. The Residential Property and Casualty Joint
55 Underwriting Association originally created by this statute
56 shall be known as the Citizens Property Insurance Corporation.
57 The corporation shall provide insurance for residential and
58 commercial property, for applicants who are entitled, but, in
59 good faith, are unable to procure insurance through the
60 voluntary market. The corporation shall operate pursuant to a
61 plan of operation approved by order of the Financial Services
62 Commission. The plan is subject to continuous review by the
63 commission. The commission may, by order, withdraw approval of
64 all or part of a plan if the commission determines that
65 conditions have changed since approval was granted and that the
66 purposes of the plan require changes in the plan. For the
67 purposes of this subsection, residential coverage includes both
68 personal lines residential coverage, which consists of the type
69 of coverage provided by homeowner's, mobile home owner's,
70 dwelling, tenant's, condominium unit owner's, and similar
71 policies; and commercial lines residential coverage, which
72 consists of the type of coverage provided by condominium
73 association, apartment building, and similar policies.

74 3. With respect to coverage for personal lines residential
75 structures:

76 a. Effective January 1, 2014, a structure that has a
77 dwelling replacement cost of \$1 million or more, or a single
78 condominium unit that has a combined dwelling and contents



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79 replacement cost of \$1 million or more is not eligible for
80 coverage by the corporation. Such dwellings insured by the
81 corporation on December 31, 2013, may continue to be covered by
82 the corporation until the end of the policy term. The office
83 shall approve the method used by the corporation for valuing the
84 dwelling replacement cost for the purposes of this subparagraph.
85 If a policyholder is insured by the corporation before being
86 determined to be ineligible pursuant to this subparagraph and
87 such policyholder files a lawsuit challenging the determination,
88 the policyholder may remain insured by the corporation until the
89 conclusion of the litigation.

90 b. Effective January 1, 2015, a structure that has a
91 dwelling replacement cost of \$900,000 or more, or a single
92 condominium unit that has a combined dwelling and contents
93 replacement cost of \$900,000 or more, is not eligible for
94 coverage by the corporation. Such dwellings insured by the
95 corporation on December 31, 2014, may continue to be covered by
96 the corporation only until the end of the policy term.

97 c. Effective January 1, 2016, a structure that has a
98 dwelling replacement cost of \$800,000 or more, or a single
99 condominium unit that has a combined dwelling and contents
100 replacement cost of \$800,000 or more, is not eligible for
101 coverage by the corporation. Such dwellings insured by the
102 corporation on December 31, 2015, may continue to be covered by
103 the corporation until the end of the policy term.

104 d. Effective January 1, 2017, a structure that has a



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105 dwelling replacement cost of \$700,000 or more, or a single
106 condominium unit that has a combined dwelling and contents
107 replacement cost of \$700,000 or more, is not eligible for
108 coverage by the corporation. Such dwellings insured by the
109 corporation on December 31, 2016, may continue to be covered by
110 the corporation until the end of the policy term.

111
112 The requirements of sub-subparagraphs b.-d. do not apply in
113 counties where the office determines there is not a reasonable
114 degree of competition. In such counties a personal lines
115 residential structure that has a dwelling replacement cost of
116 less than \$1 million, or a single condominium unit that has a
117 combined dwelling and contents replacement cost of less than \$1
118 million, is eligible for coverage by the corporation.

119 4. It is the intent of the Legislature that policyholders,
120 applicants, and agents of the corporation receive service and
121 treatment of the highest possible level but never less than that
122 generally provided in the voluntary market. It is also intended
123 that the corporation be held to service standards no less than
124 those applied to insurers in the voluntary market by the office
125 with respect to responsiveness, timeliness, customer courtesy,
126 and overall dealings with policyholders, applicants, or agents
127 of the corporation.

128 5.a. Effective January 1, 2009, a personal lines
129 residential structure that is located in the "wind-borne debris
130 region," as defined in s. 1609.2, International Building Code



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131 (2006), and that has an insured value on the structure of
132 \$750,000 or more is not eligible for coverage by the corporation
133 unless the structure has opening protections as required under
134 the Florida Building Code for a newly constructed residential
135 structure in that area. A residential structure is deemed to
136 comply with this sub-subparagraph ~~subparagraph~~ if it has
137 shutters or opening protections on all openings and if such
138 opening protections complied with the Florida Building Code at
139 the time they were installed.

140 b. Any major structure as defined in s. 161.54(6) (a) for
141 which a permit is applied on or after July 1, 2015 ~~2014~~, for new
142 construction or substantial improvement as defined in s.
143 161.54(12) is not eligible for coverage by the corporation if
144 the structure is seaward of the coastal construction control
145 line established pursuant to s. 161.053 or is within the Coastal
146 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
147 3510.

148 6. With respect to wind-only coverage for commercial lines
149 residential condominiums, effective July 1, 2014, a condominium
150 shall be deemed ineligible for coverage if 50 percent or more of
151 the units are rented more than eight times in a calendar year
152 for a rental agreement period of less than 30 days.

153 Section 2. This act shall take effect July 1, 2014.