

Amendment No.

CHAMBER ACTION

Senate

House

.

1 Representative Wood offered the following:

2

3 **Amendment (with title amendment)**

4 Remove lines 52-55 and insert:

5 Section 2. Paragraphs (b), (e), and (hh) of subsection (6)
6 of section 627.351, Florida Statutes, are amended to read:

7 627.351 Insurance risk apportionment plans.—

8 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

9 (b)1. All insurers authorized to write one or more subject
10 lines of business in this state are subject to assessment by the
11 corporation and, for the purposes of this subsection, are
12 referred to collectively as "assessable insurers." Insurers
13 writing one or more subject lines of business in this state
14 pursuant to part VIII of chapter 626 are not assessable

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

15 insurers, however ~~but~~ insureds who procure one or more subject
16 lines of business in this state pursuant to part VIII of chapter
17 626 are subject to assessment by the corporation and are
18 referred to collectively as "assessable insureds." An insurer's
19 assessment liability begins on the first day of the calendar
20 year following the year in which the insurer was issued a
21 certificate of authority to transact insurance for subject lines
22 of business in this state and terminates 1 year after the end of
23 the first calendar year during which the insurer no longer holds
24 a certificate of authority to transact insurance for subject
25 lines of business in this state.

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

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

38 (II) A commercial lines account for commercial residential
39 and commercial nonresidential policies issued by the
40 corporation, ~~or issued by the Residential Property and Casualty~~

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

41 ~~Joint Underwriting Association and renewed by the corporation,~~
42 which provides coverage for basic property perils on risks that
43 are not located in areas eligible for coverage by the Florida
44 Windstorm Underwriting Association as those areas were defined
45 on January 1, 2002, and for policies that do not provide
46 coverage for the peril of wind on risks that are located in such
47 areas; and

48 (III) A coastal account for personal residential policies
49 and commercial residential and commercial nonresidential
50 property policies issued by the corporation, ~~or transferred to~~
51 ~~the corporation,~~ which provides coverage for the peril of wind
52 on risks that are located in areas eligible for coverage by the
53 Florida Windstorm Underwriting Association as those areas were
54 defined on January 1, 2002. The corporation may offer policies
55 that provide multiperil coverage and ~~the corporation shall~~
56 ~~continue to~~ offer policies that provide coverage only for the
57 peril of wind for risks located in areas eligible for coverage
58 in the coastal account. Effective July 1, 2014, the corporation
59 shall cease offering new commercial residential policies
60 providing multiperil coverage and shall instead continue to
61 offer commercial residential wind-only policies, and may offer
62 commercial residential policies excluding wind. The corporation
63 may, however, continue to renew a commercial residential
64 multiperil policy on a building that is insured by the
65 corporation on June 30, 2014, under a multiperil policy. In
66 issuing multiperil coverage, the corporation may use its

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

67 approved policy forms and rates for the personal lines account.
68 An applicant or insured who is eligible to purchase a multiperil
69 policy from the corporation may purchase a multiperil policy
70 from an authorized insurer without prejudice to the applicant's
71 or insured's eligibility to prospectively purchase a policy that
72 provides coverage only for the peril of wind from the
73 corporation. An applicant or insured who is eligible for a
74 corporation policy that provides coverage only for the peril of
75 wind may elect to purchase or retain such policy and also
76 purchase or retain coverage excluding wind from an authorized
77 insurer without prejudice to the applicant's or insured's
78 eligibility to prospectively purchase a policy that provides
79 multiperil coverage from the corporation. It is the goal of the
80 Legislature that there be an overall average savings of 10
81 percent or more for a policyholder who currently has a wind-only
82 policy with the corporation, and an ex-wind policy with a
83 voluntary insurer or the corporation, and who obtains a
84 multiperil policy from the corporation. It is the intent of the
85 Legislature that the offer of multiperil coverage in the coastal
86 account be made and implemented in a manner that does not
87 adversely affect the tax-exempt status of the corporation or
88 creditworthiness of or security for currently outstanding
89 financing obligations or credit facilities of the coastal
90 account, the personal lines account, or the commercial lines
91 account. The coastal account must also include quota share
92 primary insurance under subparagraph (c)2. The area eligible for

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

93 coverage under the coastal account also includes the area within
94 Port Canaveral, which is bordered on the south by the City of
95 Cape Canaveral, bordered on the west by the Banana River, and
96 bordered on the north by Federal Government property.

97 b. The three separate accounts must be maintained as long
98 as financing obligations entered into by the Florida Windstorm
99 Underwriting Association or Residential Property and Casualty
100 Joint Underwriting Association are outstanding, in accordance
101 with the terms of the corresponding financing documents. If the
102 financing obligations are no longer outstanding, the corporation
103 may use a single account for all revenues, assets, liabilities,
104 losses, and expenses of the corporation. Consistent with this
105 subparagraph and prudent investment policies that minimize the
106 cost of carrying debt, the board shall exercise its best efforts
107 to retire existing debt or obtain the approval of necessary
108 parties to amend the terms of existing debt, so as to structure
109 the most efficient plan to consolidate the three separate
110 accounts into a single account.

111 c. Creditors of the Residential Property and Casualty
112 Joint Underwriting Association and the accounts specified in
113 sub-sub-subparagraphs a.(I) and (II) may have a claim against,
114 and recourse to, those accounts and no claim against, or
115 recourse to, the account referred to in sub-sub-subparagraph
116 a.(III). Creditors of the Florida Windstorm Underwriting
117 Association have a claim against, and recourse to, the account
118 referred to in sub-sub-subparagraph a.(III) and no claim

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

119 against, or recourse to, the accounts referred to in sub-sub-
120 subparagraphs a.(I) and (II).

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

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

128 f. The income of the corporation may not inure to the
129 benefit of any private person.

130 3. With respect to a deficit in an account:

131 a. After accounting for the Citizens policyholder
132 surcharge imposed under sub-subparagraph i., if the remaining
133 projected deficit incurred in the coastal account in a
134 particular calendar year:

135 (I) Is not greater than 2 percent of the aggregate
136 statewide direct written premium for the subject lines of
137 business for the prior calendar year, the entire deficit shall
138 be recovered through regular assessments of assessable insurers
139 under paragraph (q) and assessable insureds.

140 (II) Exceeds 2 percent of the aggregate statewide direct
141 written premium for the subject lines of business for the prior
142 calendar year, the corporation shall levy regular assessments on
143 assessable insurers under paragraph (q) and on assessable
144 insureds in an amount equal to the greater of 2 percent of the

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

145 | projected deficit or 2 percent of the aggregate statewide direct
146 | written premium for the subject lines of business for the prior
147 | calendar year. Any remaining projected deficit shall be
148 | recovered through emergency assessments under sub-subparagraph
149 | d.

150 | b. Each assessable insurer's share of the amount being
151 | assessed under sub-subparagraph a. must be in the proportion
152 | that the assessable insurer's direct written premium for the
153 | subject lines of business for the year preceding the assessment
154 | bears to the aggregate statewide direct written premium for the
155 | subject lines of business for that year. The assessment
156 | percentage applicable to each assessable insured is the ratio of
157 | the amount being assessed under sub-subparagraph a. to the
158 | aggregate statewide direct written premium for the subject lines
159 | of business for the prior year. Assessments levied by the
160 | corporation on assessable insurers under sub-subparagraph a.
161 | must be paid as required by the corporation's plan of operation
162 | and paragraph (q). Assessments levied by the corporation on
163 | assessable insureds under sub-subparagraph a. shall be collected
164 | by the surplus lines agent at the time the surplus lines agent
165 | collects the surplus lines tax required by s. 626.932, and paid
166 | to the Florida Surplus Lines Service Office at the time the
167 | surplus lines agent pays the surplus lines tax to that office.
168 | Upon receipt of regular assessments from surplus lines agents,
169 | the Florida Surplus Lines Service Office shall transfer the

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

170 assessments directly to the corporation as determined by the
171 corporation.

172 c. After accounting for the Citizens policyholder
173 surcharge imposed under sub-subparagraph i., the remaining
174 projected deficits in the personal lines account and in the
175 commercial lines account in a particular calendar year shall be
176 recovered through emergency assessments under sub-subparagraph
177 d.

178 d. Upon a determination by the board of governors that a
179 projected deficit in an account exceeds the amount that is
180 expected to be recovered through regular assessments under sub-
181 subparagraph a., plus the amount that is expected to be
182 recovered through surcharges under sub-subparagraph i., the
183 board, after verification by the office, shall levy emergency
184 assessments for as many years as necessary to cover the
185 deficits, to be collected by assessable insurers and the
186 corporation and collected from assessable insureds upon issuance
187 or renewal of policies for subject lines of business, excluding
188 National Flood Insurance policies. The amount collected in a
189 particular year must be a uniform percentage of that year's
190 direct written premium for subject lines of business and all
191 accounts of the corporation, excluding National Flood Insurance
192 Program policy premiums, as annually determined by the board and
193 verified by the office. The office shall verify the arithmetic
194 calculations involved in the board's determination within 30
195 days after receipt of the information on which the determination

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

196 was based. The office shall notify assessable insurers and the
197 Florida Surplus Lines Service Office of the date on which
198 assessable insurers shall begin to collect and assessable
199 insureds shall begin to pay such assessment. The date must be at
200 least ~~may be not less than~~ 90 days after the date the
201 corporation levies emergency assessments pursuant to this sub-
202 subparagraph. Notwithstanding any other provision of law, the
203 corporation and each assessable insurer that writes subject
204 lines of business shall collect emergency assessments from its
205 policyholders without such obligation being affected by any
206 credit, limitation, exemption, or deferment. Emergency
207 assessments levied by the corporation on assessable insureds
208 shall be collected by the surplus lines agent at the time the
209 surplus lines agent collects the surplus lines tax required by
210 s. 626.932 and paid to the Florida Surplus Lines Service Office
211 at the time the surplus lines agent pays the surplus lines tax
212 to that office. The emergency assessments collected shall be
213 transferred directly to the corporation on a periodic basis as
214 determined by the corporation and held by the corporation solely
215 in the applicable account. The aggregate amount of emergency
216 assessments levied for an account ~~under this sub-subparagraph~~ in
217 any calendar year may be less than but may not exceed the
218 greater of 10 percent of the amount needed to cover the deficit,
219 plus interest, fees, commissions, required reserves, and other
220 costs associated with financing the original deficit, or 10
221 percent of the aggregate statewide direct written premium for

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

222 subject lines of business and all accounts of the corporation
223 for the prior year, plus interest, fees, commissions, required
224 reserves, and other costs associated with financing the deficit.

225 e. The corporation may pledge the proceeds of assessments,
226 projected recoveries from the Florida Hurricane Catastrophe
227 Fund, other insurance and reinsurance recoverables, policyholder
228 surcharges and other surcharges, and other funds available to
229 the corporation as the source of revenue for and to secure bonds
230 issued under paragraph (q), bonds or other indebtedness issued
231 under subparagraph (c)3., or lines of credit or other financing
232 mechanisms issued or created under this subsection, or to retire
233 any other debt incurred as a result of deficits or events giving
234 rise to deficits, or in any other way that the board determines
235 will efficiently recover such deficits. The purpose of the lines
236 of credit or other financing mechanisms is to provide additional
237 resources to assist the corporation in covering claims and
238 expenses attributable to a catastrophe. As used in this
239 subsection, the term "assessments" includes regular assessments
240 under sub-subparagraph a. or subparagraph (q)1. and emergency
241 assessments under sub-subparagraph d. Emergency assessments
242 collected ~~under sub-subparagraph d.~~ are not part of an insurer's
243 rates, are not premium, and are not subject to premium tax,
244 fees, or commissions; however, failure to pay the emergency
245 assessment shall be treated as failure to pay premium. The
246 emergency assessments under sub-subparagraph d. shall continue
247 as long as any bonds issued or other indebtedness incurred with

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

248 respect to a deficit for which the assessment was imposed remain
249 outstanding, unless adequate provision has been made for the
250 payment of such bonds or other indebtedness pursuant to the
251 documents governing such bonds or indebtedness.

252 f. As used in this subsection for purposes of any deficit
253 incurred on or after January 25, 2007, the term "subject lines
254 of business" means insurance written by assessable insurers or
255 procured by assessable insureds for all property and casualty
256 lines of business in this state, but not including workers'
257 compensation or medical malpractice. As used in this sub-
258 subparagraph, the term "property and casualty lines of business"
259 includes all lines of business identified on Form 2, Exhibit of
260 Premiums and Losses, in the annual statement required of
261 authorized insurers under s. 624.424 and any rule adopted under
262 this section, except for those lines identified as accident and
263 health insurance and except for policies written under the
264 National Flood Insurance Program or the Federal Crop Insurance
265 Program. For purposes of this sub-subparagraph, the term
266 "workers' compensation" includes both workers' compensation
267 insurance and excess workers' compensation insurance.

268 g. The Florida Surplus Lines Service Office shall
269 determine annually the aggregate statewide written premium in
270 subject lines of business procured by assessable insureds and
271 report that information to the corporation in a form and at a
272 time the corporation specifies to ensure that the corporation

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

273 can meet the requirements of this subsection and the
274 corporation's financing obligations.

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

282 i. In 2008 or thereafter, upon a determination by the
283 board of governors that an account has a projected deficit, the
284 board shall levy a Citizens policyholder surcharge against all
285 policyholders of the corporation.

286 (I) The surcharge shall be levied as a uniform percentage
287 of the premium for the policy of up to 15 percent of such
288 premium, which funds shall be used to offset the deficit.

289 (II) The surcharge is payable upon cancellation or
290 termination of the policy, upon renewal of the policy, or upon
291 issuance of a new policy by the corporation within the first 12
292 months after the date of the levy or the period of time
293 necessary to fully collect the surcharge amount.

294 (III) The corporation may not levy any regular assessments
295 under paragraph (q) pursuant to sub-subparagraph a. or sub-
296 subparagraph b. with respect to a particular year's deficit
297 until the corporation has first levied the full amount of the
298 surcharge authorized by this sub-subparagraph.

401507

Approved For Filing: 4/23/2014 1:52:57 PM

Amendment No.

299 (IV) The surcharge is not considered premium and is not
300 subject to commissions, fees, or premium taxes. However, failure
301 to pay the surcharge shall be treated as failure to pay premium.

302 j. If the amount of any assessments or surcharges
303 collected from corporation policyholders, assessable insurers or
304 their policyholders, or assessable insureds exceeds the amount
305 of the deficits, such excess amounts shall be remitted to and
306 retained by the corporation in a reserve to be used by the
307 corporation, as determined by the board of governors and
308 approved by the office, to pay claims or reduce any past,
309 present, or future plan-year deficits or to reduce outstanding
310 debt.

311 -----
312
313 **T I T L E A M E N D M E N T**

314 Remove line 5 and insert:

315 applicability; amending s. 627.351, F.S.; revising
316 requirements relating to the division of revenues,
317 assets, liabilities, losses, and expenses of the
318 corporation; prohibiting the corporation from offering
319 new commercial residential policies providing
320 multiperil coverage, and requiring the offering
321 commercial residential wind-only policies, effective a
322 certain date; requiring

401507

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