

By Senator Rodriguez

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A bill to be entitled
An act relating to coverage by Citizens Property Insurance Corporation; amending s. 627.351, F.S.; revising eligibility for coverage of residential structures in certain counties by Citizens Property Insurance Corporation; requiring the corporation to implement certain rate increases annually in such counties for single policies issued by the corporation; providing additional policies issued by the corporation which do not require policyholders to purchase flood insurance as a condition for maintaining the policies; providing an effective date.

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

Section 1. Paragraphs (a), (n), and (aa) of subsection (6) of section 627.351, Florida Statutes, are amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

1. The Legislature finds that private insurers are unwilling or unable to provide affordable property insurance coverage in this state to the extent sought and needed. The absence of affordable property insurance threatens the public health, safety, and welfare and likewise threatens the economic health of the state. The state therefore has a compelling public interest and a public purpose to assist in assuring that

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

2. The Residential Property and Casualty Joint Underwriting

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

78 3. With respect to coverage for personal lines residential
79 structures:

80 a. Effective January 1, 2017, a structure that has a
81 dwelling replacement cost of \$700,000 or more, or a single
82 condominium unit that has a combined dwelling and contents
83 replacement cost of \$700,000 or more, is not eligible for
84 coverage by the corporation.

85 b. The requirements of sub-subparagraph a. do not apply in
86 counties where the office determines there is not a reasonable
87 degree of competition. In such counties a personal lines

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88 residential structure that has a dwelling replacement cost of
89 less than \$1.5 ~~\$1~~ million, or a single condominium unit that has
90 a combined dwelling and contents replacement cost of less than
91 \$1 million, is eligible for coverage by the corporation.

92 4. It is the intent of the Legislature that policyholders,
93 applicants, and agents of the corporation receive service and
94 treatment of the highest possible level but never less than that
95 generally provided in the voluntary market. It is also intended
96 that the corporation be held to service standards no less than
97 those applied to insurers in the voluntary market by the office
98 with respect to responsiveness, timeliness, customer courtesy,
99 and overall dealings with policyholders, applicants, or agents
100 of the corporation.

101 5.a. Effective January 1, 2009, a personal lines
102 residential structure that is located in the "wind-borne debris
103 region," as defined in s. 1609.2, International Building Code
104 (2006), and that has an insured value on the structure of
105 \$750,000 or more is not eligible for coverage by the corporation
106 unless the structure has opening protections as required under
107 the Florida Building Code for a newly constructed residential
108 structure in that area. A residential structure is deemed to
109 comply with this sub-subparagraph if it has shutters or opening
110 protections on all openings and if such opening protections
111 complied with the Florida Building Code at the time they were
112 installed.

113 b. Any major structure, as defined in s. 161.54(6)(a), that
114 is newly constructed, or rebuilt, repaired, restored, or
115 remodeled to increase the total square footage of finished area
116 by more than 25 percent, pursuant to a permit applied for after

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July 1, 2015, is not eligible for coverage by the corporation if the structure is seaward of the coastal construction control line established pursuant to s. 161.053 or is within the Coastal Barrier Resources System as designated by 16 U.S.C. ss. 3501-3510.

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

(n)1. Rates for coverage provided by the corporation must be actuarially sound pursuant to s. 627.062 and not competitive with approved rates charged in the admitted voluntary market so that the corporation functions as a residual market mechanism to provide insurance only when insurance cannot be procured in the voluntary market, except as otherwise provided in this paragraph. The office shall provide the corporation such information as would be necessary to determine whether rates are competitive. The corporation shall file its recommended rates with the office at least annually. The corporation shall provide any additional information regarding the rates which the office requires. The office shall consider the recommendations of the board and issue a final order establishing the rates for the corporation within 45 days after the recommended rates are filed. The corporation may not pursue an administrative challenge or judicial review of the final order of the office.

2. In addition to the rates otherwise determined pursuant to this paragraph, the corporation shall impose and collect an amount equal to the premium tax provided in s. 624.509 to

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146 augment the financial resources of the corporation.

147 3. After the public hurricane loss-projection model under
148 s. 627.06281 has been found to be accurate and reliable by the
149 Florida Commission on Hurricane Loss Projection Methodology, the
150 model shall be considered when establishing the windstorm
151 portion of the corporation's rates. The corporation may use the
152 public model results in combination with the results of private
153 models to calculate rates for the windstorm portion of the
154 corporation's rates. This subparagraph does not require or allow
155 the corporation to adopt rates lower than the rates otherwise
156 required or allowed by this paragraph.

157 4. The corporation must make a recommended actuarially
158 sound rate filing for each personal and commercial line of
159 business it writes.

160 5. Notwithstanding the board's recommended rates and the
161 office's final order regarding the corporation's filed rates
162 under subparagraph 1., the corporation shall annually implement
163 a rate increase which, except for sinkhole coverage, does not
164 exceed the following for any single policy issued by the
165 corporation, excluding coverage changes and surcharges:

- 166 a. Twelve percent for 2023.
- 167 b. Thirteen percent for 2024.
- 168 c. Fourteen percent for 2025.
- 169 d. Fifteen percent for 2026 and all subsequent years.

170 6. In a county in which the office determines there is not
171 a reasonable degree of competition, the corporation shall
172 annually implement a rate increase that does not exceed 10
173 percent for any single policy issued by the corporation.

174 ~~7.6.~~ The corporation may also implement an increase to

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reflect the effect on the corporation of the cash buildup factor pursuant to s. 215.555(5) (b).

~~8.7.~~ The corporation's implementation of rates as prescribed in subparagraphs 5. and 9. ~~8.~~ shall cease for any line of business written by the corporation upon the corporation's implementation of actuarially sound rates. Thereafter, the corporation shall annually make a recommended actuarially sound rate filing that is not competitive with approved rates in the admitted voluntary market for each commercial and personal line of business the corporation writes.

~~9.8.~~ New or renewal personal lines policies that do not cover a primary residence are not subject to the rate increase limitations in subparagraph 5., but may not be charged more than 50 percent above, nor less than, the prior year's established rate for the corporation.

10.9. As used in this paragraph, the term "primary residence" means the dwelling that is the policyholder's primary home or is a rental property that is the primary home of the tenant, and which the policyholder or tenant occupies for more than 9 months of each year.

(aa) Except as otherwise provided in this paragraph, the corporation shall require the securing and maintaining of flood insurance as a condition of coverage of a personal lines residential risk. The insured or applicant must execute a form approved by the office affirming that flood insurance is not provided by the corporation and that if flood insurance is not secured by the applicant or insured from an insurer other than the corporation and in addition to coverage by the corporation, the risk will not be eligible for coverage by the corporation.

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The corporation may deny coverage of a personal lines residential risk to an applicant or insured who refuses to secure and maintain flood insurance. The requirement to purchase flood insurance shall be implemented as follows:

1. Except as provided in subparagraphs 2. and 3., all personal lines residential policyholders must have flood coverage in place for policies effective on or after:

a. January 1, 2024, for a structure that has a dwelling replacement cost of \$600,000 or more.

b. January 1, 2025, for a structure that has a dwelling replacement cost of \$500,000 or more.

c. January 1, 2026, for a structure that has a dwelling replacement cost of \$400,000 or more.

d. January 1, 2027, for all other personal lines residential property insured by the corporation.

2. All personal lines residential policyholders whose property insured by the corporation is located within the special flood hazard area defined by the Federal Emergency Management Agency must have flood coverage in place:

a. At the time of initial policy issuance for all new personal lines residential policies issued by the corporation on or after April 1, 2023.

b. By the time of the policy renewal for all personal lines residential policies renewing on or after July 1, 2023.

3. Policyholders are not required to purchase flood insurance as a condition for maintaining the following policies issued by the corporation:

a. Policies that do not provide coverage for the peril of wind.

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b. Policies that provide coverage under a condominium unit owners form.

c. Policies that provide coverage in Zone X as designated by the Federal Emergency Management Agency or for structures that are elevated at least 1 foot above the flood zone's minimum base flood elevation, if the office determines there is not a reasonable degree of competition in such zone or for such structures.

The flood insurance required under this paragraph must meet, at a minimum, the dwelling coverage available from the National Flood Insurance Program or the requirements of s. 627.715(1)(a)1., 2., and 3.

Section 2. This act shall take effect July 1, 2026.