

1                                   A bill to be entitled  
 2           An act relating to insurance guaranty associations;  
 3           amending s. 631.57, F.S.; revising the obligations of  
 4           the Florida Insurance Guaranty Association,  
 5           Incorporated, for policies covering condominium  
 6           associations and homeowners' associations; revising  
 7           the percentage limits on the emergency assessments  
 8           levied against insurers by the Office of Insurance  
 9           Regulation; providing an effective date.

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

12  
 13           Section 1. Paragraph (a) of subsection (1) and paragraph  
 14           (e) of subsection (3) of section 631.57, Florida Statutes, are  
 15           amended to read:

16           631.57 Powers and duties of the association.—

17           (1) The association shall:

18           (a)1. Be obligated to the extent of the covered claims  
 19           existing:

20           a. Prior to adjudication of insolvency and arising within  
 21           30 days after the determination of insolvency;

22           b. Before the policy expiration date if less than 30 days  
 23           after the determination; or

24           c. Before the insured replaces the policy or causes its  
 25           cancellation, if she or he does so within 30 days of the

26 | determination.

27 |         2. The obligation under subparagraph 1. includes only the  
28 | amount of each covered claim which is in excess of \$100 and is  
29 | less than \$300,000, except that policies providing coverage for  
30 | homeowner's insurance shall provide for an additional \$200,000  
31 | for the portion of a covered claim which relates only to the  
32 | damage to the structure and contents.

33 |         3.a. Notwithstanding subparagraph 2., the obligation under  
34 | subparagraph 1. for policies covering condominium associations  
35 | or homeowners' associations, which associations have a  
36 | responsibility to provide insurance coverage on residential  
37 | units within the association, shall include that amount of each  
38 | covered property insurance claim which is less than \$200,000  
39 | ~~\$100,000~~ multiplied by the number of condominium units or other  
40 | residential units; however, as to homeowners' associations, this  
41 | sub-subparagraph applies only to claims for damage or loss to  
42 | residential units and structures attached to residential units.

43 |         b. Notwithstanding sub-subparagraph a., the association  
44 | has no obligation to pay covered claims that are to be paid from  
45 | the proceeds of bonds issued under s. 631.695. However, the  
46 | association shall assign and pledge the first available moneys  
47 | from all or part of the assessments to be made under paragraph  
48 | (3) (a) to or on behalf of the issuer of such bonds for the  
49 | benefit of the holders of such bonds. The association shall  
50 | administer any such covered claims and present valid covered

51 | claims for payment in accordance with the provisions of the  
52 | assistance program in connection with which such bonds have been  
53 | issued.

54 |         4. In no event shall the association be obligated to a  
55 | policyholder or claimant in an amount in excess of the  
56 | obligation of the insolvent insurer under the policy from which  
57 | the claim arises.

58 |             (3)

59 |             (e)1. In addition to assessments authorized in paragraph  
60 | (a), and to the extent necessary to secure the funds for the  
61 | account specified in s. 631.55(2)(b) for the direct payment of  
62 | covered claims of insurers rendered insolvent by the effects of  
63 | a hurricane and to pay the reasonable costs to administer such  
64 | claims, or to retire indebtedness, including, without  
65 | limitation, the principal, redemption premium, if any, and  
66 | interest on, and related costs of issuance of, bonds issued  
67 | under s. 631.695 and the funding of any reserves and other  
68 | payments required under the bond resolution or trust indenture  
69 | pursuant to which such bonds have been issued, the office, upon  
70 | certification of the board of directors, shall levy emergency  
71 | assessments upon insurers holding a certificate of authority.  
72 | The emergency assessments levied against any insurer may not  
73 | exceed in any one calendar year more than 4 ~~2~~ percent of that  
74 | insurer's net written premiums in this state for the kinds of  
75 | insurance within the account specified in s. 631.55(2)(b).

76           2. Emergency assessments authorized under this paragraph  
77 shall be levied by the office upon insurers in accordance with  
78 paragraph (f), upon certification as to the need for such  
79 assessments by the board of directors. If the board participates  
80 in the issuance of bonds in accordance with s. 631.695,  
81 emergency assessments shall be levied in each year that bonds  
82 issued under s. 631.695 and secured by such emergency  
83 assessments are outstanding in amounts up to such 2-percent  
84 limit as required in order to provide for the full and timely  
85 payment of the principal of, redemption premium, if any, and  
86 interest on, and related costs of issuance of, such bonds. The  
87 emergency assessments are assigned and pledged to the  
88 municipality, county, or legal entity issuing bonds under s.  
89 631.695 for the benefit of the holders of such bonds in order to  
90 provide for the payment of the principal of, redemption premium,  
91 if any, and interest on such bonds, the cost of issuance of such  
92 bonds, and the funding of any reserves and other payments  
93 required under the bond resolution or trust indenture pursuant  
94 to which such bonds have been issued, without further action by  
95 the association, the office, or any other party. If bonds are  
96 issued under s. 631.695 and the association determines to secure  
97 such bonds by a pledge of revenues received from the emergency  
98 assessments, such bonds, upon such pledge of revenues, shall be  
99 secured by and payable from the proceeds of such emergency  
100 assessments, and the proceeds of emergency assessments levied

101 under this paragraph shall be remitted directly to and  
102 administered by the trustee or custodian appointed for such  
103 bonds.

104 3. Emergency assessments used to defease bonds issued  
105 under this part may be payable in a single payment or, at the  
106 option of the association, may be payable in 12 monthly  
107 installments with the first installment being due and payable at  
108 the end of the month after an emergency assessment is levied and  
109 subsequent installments being due by the end of each succeeding  
110 month.

111 4. If emergency assessments are imposed, the report  
112 required by s. 631.695(7) must include an analysis of the  
113 revenues generated from the emergency assessments imposed under  
114 this paragraph.

115 5. If emergency assessments are imposed, the references in  
116 sub-subparagraph (1)(a)3.b. and s. 631.695(2) and (7) to  
117 assessments levied under paragraph (a) must include emergency  
118 assessments imposed under this paragraph.

119 6. If the board of directors participates in the issuance  
120 of bonds in accordance with s. 631.695, an annual assessment  
121 under this paragraph shall continue while the bonds issued with  
122 respect to which the assessment was imposed are outstanding,  
123 including any bonds the proceeds of which were used to refund  
124 bonds issued pursuant to s. 631.695, unless adequate provision  
125 has been made for the payment of the bonds in the documents

HB 529

2020

126 | authorizing the issuance of such bonds.

127 |       Section 2. This act shall take effect July 1, 2020.