

1 A bill to be entitled
 2 An act relating to property insurance coverage;
 3 amending s. 627.351, F.S.; providing that rates
 4 charged for certain commercial lines residential
 5 condominium wind-only policies by Citizens Property
 6 Insurance Corporation are not subject to specified
 7 rate increases; amending s. 627.7011, F.S.; requiring
 8 authorized inspectors to use a specified inspection
 9 form for inspections of residential structure roofs;
 10 authorizing such inspectors to provide appendices to
 11 the inspection forms for a specified purpose; creating
 12 s. 627.70143, F.S.; providing a definition; requiring
 13 authorized inspectors to use a specified inspection
 14 form for inspections of commercial structure roofs;
 15 authorizing such inspectors to provide appendices to
 16 the inspection forms for a specified purpose; amending
 17 s. 627.714, F.S.; increasing property loss assessment
 18 coverages under condominium unit owners' residential
 19 property policies; providing an effective date.

20
 21 Be It Enacted by the Legislature of the State of Florida:

22
 23 Section 1. Paragraph (a) of subsection (6) of section
 24 627.351, Florida Statutes, is amended, and paragraph (n) of
 25 subsection (6) of that section is republished, to read:

26 | 627.351 Insurance risk apportionment plans.—
 27 | (6) CITIZENS PROPERTY INSURANCE CORPORATION.—
 28 | (a) The public purpose of this subsection is to ensure
 29 | that there is an orderly market for property insurance for
 30 | residents and businesses of this state.
 31 | 1. The Legislature finds that private insurers are
 32 | unwilling or unable to provide affordable property insurance
 33 | coverage in this state to the extent sought and needed. The
 34 | absence of affordable property insurance threatens the public
 35 | health, safety, and welfare and likewise threatens the economic
 36 | health of the state. The state therefore has a compelling public
 37 | interest and a public purpose to assist in assuring that
 38 | property in the state is insured and that it is insured at
 39 | affordable rates so as to facilitate the remediation,
 40 | reconstruction, and replacement of damaged or destroyed property
 41 | in order to reduce or avoid the negative effects otherwise
 42 | resulting to the public health, safety, and welfare, to the
 43 | economy of the state, and to the revenues of the state and local
 44 | governments which are needed to provide for the public welfare.
 45 | It is necessary, therefore, to provide affordable property
 46 | insurance to applicants who are in good faith entitled to
 47 | procure insurance through the voluntary market but are unable to
 48 | do so. The Legislature intends, therefore, that affordable
 49 | property insurance be provided and that it continue to be
 50 | provided, as long as necessary, through Citizens Property

51 Insurance Corporation, a government entity that is an integral
52 part of the state, and that is not a private insurance company.
53 To that end, the corporation shall strive to increase the
54 availability of affordable property insurance in this state,
55 while achieving efficiencies and economies, and while providing
56 service to policyholders, applicants, and agents which is no
57 less than the quality generally provided in the voluntary
58 market, for the achievement of the foregoing public purposes.
59 Because it is essential for this government entity to have the
60 maximum financial resources to pay claims following a
61 catastrophic hurricane, it is the intent of the Legislature that
62 the corporation continue to be an integral part of the state and
63 that the income of the corporation be exempt from federal income
64 taxation and that interest on the debt obligations issued by the
65 corporation be exempt from federal income taxation.

66 2. The Residential Property and Casualty Joint
67 Underwriting Association originally created by this statute
68 shall be known as the Citizens Property Insurance Corporation.
69 The corporation shall provide insurance for residential and
70 commercial property, for applicants who are entitled, but, in
71 good faith, are unable to procure insurance through the
72 voluntary market. The corporation shall operate pursuant to a
73 plan of operation approved by order of the Financial Services
74 Commission. The plan is subject to continuous review by the
75 commission. The commission may, by order, withdraw approval of

76 all or part of a plan if the commission determines that
77 conditions have changed since approval was granted and that the
78 purposes of the plan require changes in the plan. For the
79 purposes of this subsection, residential coverage includes both
80 personal lines residential coverage, which consists of the type
81 of coverage provided by homeowner, mobile home owner, dwelling,
82 tenant, condominium unit owner, and similar policies; and
83 commercial lines residential coverage, which consists of the
84 type of coverage provided by condominium association, apartment
85 building, and similar policies.

86 3. With respect to coverage for personal lines residential
87 structures:

88 a. Effective January 1, 2014, a structure that has a
89 dwelling replacement cost of \$1 million or more, or a single
90 condominium unit that has a combined dwelling and contents
91 replacement cost of \$1 million or more, is not eligible for
92 coverage by the corporation. Such dwellings insured by the
93 corporation on December 31, 2013, may continue to be covered by
94 the corporation until the end of the policy term. The office
95 shall approve the method used by the corporation for valuing the
96 dwelling replacement cost for the purposes of this subparagraph.
97 If a policyholder is insured by the corporation before being
98 determined to be ineligible pursuant to this subparagraph and
99 such policyholder files a lawsuit challenging the determination,
100 the policyholder may remain insured by the corporation until the

101 conclusion of the litigation.

102 b. Effective January 1, 2015, a structure that has a
103 dwelling replacement cost of \$900,000 or more, or a single
104 condominium unit that has a combined dwelling and contents
105 replacement cost of \$900,000 or more, is not eligible for
106 coverage by the corporation. Such dwellings insured by the
107 corporation on December 31, 2014, may continue to be covered by
108 the corporation only until the end of the policy term.

109 c. Effective January 1, 2016, a structure that has a
110 dwelling replacement cost of \$800,000 or more, or a single
111 condominium unit that has a combined dwelling and contents
112 replacement cost of \$800,000 or more, is not eligible for
113 coverage by the corporation. Such dwellings insured by the
114 corporation on December 31, 2015, may continue to be covered by
115 the corporation until the end of the policy term.

116 d. Effective January 1, 2017, a structure that has a
117 dwelling replacement cost of \$700,000 or more, or a single
118 condominium unit that has a combined dwelling and contents
119 replacement cost of \$700,000 or more, is not eligible for
120 coverage by the corporation. Such dwellings insured by the
121 corporation on December 31, 2016, may continue to be covered by
122 the corporation until the end of the policy term.

123
124 The requirements of sub-subparagraphs b.-d. do not apply in
125 counties where the office determines there is not a reasonable

126 degree of competition. In such counties a personal lines
127 residential structure that has a dwelling replacement cost of
128 less than \$1 million, or a single condominium unit that has a
129 combined dwelling and contents replacement cost of less than \$1
130 million, is eligible for coverage by the corporation.

131 4. It is the intent of the Legislature that policyholders,
132 applicants, and agents of the corporation receive service and
133 treatment of the highest possible level but never less than that
134 generally provided in the voluntary market. It is also intended
135 that the corporation be held to service standards no less than
136 those applied to insurers in the voluntary market by the office
137 with respect to responsiveness, timeliness, customer courtesy,
138 and overall dealings with policyholders, applicants, or agents
139 of the corporation.

140 5.a. Effective January 1, 2009, a personal lines
141 residential structure that is located in the "wind-borne debris
142 region," as defined in s. 1609.2, International Building Code
143 (2006), and that has an insured value on the structure of
144 \$750,000 or more is not eligible for coverage by the corporation
145 unless the structure has opening protections as required under
146 the Florida Building Code for a newly constructed residential
147 structure in that area. A residential structure is deemed to
148 comply with this sub-subparagraph if it has shutters or opening
149 protections on all openings and if such opening protections
150 complied with the Florida Building Code at the time they were

151 installed.

152 b. Any major structure, as defined in s. 161.54(6)(a),
153 that is newly constructed, or rebuilt, repaired, restored, or
154 remodeled to increase the total square footage of finished area
155 by more than 25 percent, pursuant to a permit applied for after
156 July 1, 2015, is not eligible for coverage by the corporation if
157 the structure is seaward of the coastal construction control
158 line established pursuant to s. 161.053 or is within the Coastal
159 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
160 3510.

161 6. Beginning with the implementation of the corporation's
162 next annual rate change on or after August 1, 2024, if the
163 corporation writes a commercial lines residential condominium
164 wind-only policy for a condominium in which 50 percent or more
165 of the units are rented more than eight times in a calendar year
166 for a rental agreement period of less than 30 days, the rate
167 charged for such policy is not subject to subparagraph (n)5 ~~With~~
168 ~~respect to wind-only coverage for commercial lines residential~~
169 ~~condominiums, effective July 1, 2014, a condominium shall be~~
170 ~~deemed ineligible for coverage if 50 percent or more of the~~
171 ~~units are rented more than eight times in a calendar year for a~~
172 ~~rental agreement period of less than 30 days.~~

173 (n)1. Rates for coverage provided by the corporation must
174 be actuarially sound pursuant to s. 627.062 and not competitive
175 with approved rates charged in the admitted voluntary market so

176 that the corporation functions as a residual market mechanism to
177 provide insurance only when insurance cannot be procured in the
178 voluntary market, except as otherwise provided in this
179 paragraph. The office shall provide the corporation such
180 information as would be necessary to determine whether rates are
181 competitive. The corporation shall file its recommended rates
182 with the office at least annually. The corporation shall provide
183 any additional information regarding the rates which the office
184 requires. The office shall consider the recommendations of the
185 board and issue a final order establishing the rates for the
186 corporation within 45 days after the recommended rates are
187 filed. The corporation may not pursue an administrative
188 challenge or judicial review of the final order of the office.

189 2. In addition to the rates otherwise determined pursuant
190 to this paragraph, the corporation shall impose and collect an
191 amount equal to the premium tax provided in s. 624.509 to
192 augment the financial resources of the corporation.

193 3. After the public hurricane loss-projection model under
194 s. 627.06281 has been found to be accurate and reliable by the
195 Florida Commission on Hurricane Loss Projection Methodology, the
196 model shall be considered when establishing the windstorm
197 portion of the corporation's rates. The corporation may use the
198 public model results in combination with the results of private
199 models to calculate rates for the windstorm portion of the
200 corporation's rates. This subparagraph does not require or allow

201 the corporation to adopt rates lower than the rates otherwise
 202 required or allowed by this paragraph.

203 4. The corporation must make a recommended actuarially
 204 sound rate filing for each personal and commercial line of
 205 business it writes.

206 5. Notwithstanding the board's recommended rates and the
 207 office's final order regarding the corporation's filed rates
 208 under subparagraph 1., the corporation shall annually implement
 209 a rate increase which, except for sinkhole coverage, does not
 210 exceed the following for any single policy issued by the
 211 corporation, excluding coverage changes and surcharges:

- 212 a. Twelve percent for 2023.
- 213 b. Thirteen percent for 2024.
- 214 c. Fourteen percent for 2025.
- 215 d. Fifteen percent for 2026 and all subsequent years.

216 6. The corporation may also implement an increase to
 217 reflect the effect on the corporation of the cash buildup factor
 218 pursuant to s. 215.555(5)(b).

219 7. The corporation's implementation of rates as prescribed
 220 in subparagraphs 5. and 8. shall cease for any line of business
 221 written by the corporation upon the corporation's implementation
 222 of actuarially sound rates. Thereafter, the corporation shall
 223 annually make a recommended actuarially sound rate filing that
 224 is not competitive with approved rates in the admitted voluntary
 225 market for each commercial and personal line of business the

226 corporation writes.

227 8. The following new or renewal personal lines policies
228 written on or after November 1, 2023, are not subject to the
229 rate increase limitations in subparagraph 5., but may not be
230 charged more than 50 percent above, nor less than, the prior
231 year's established rate for the corporation:

232 a. Policies that do not cover a primary residence;

233 b. New policies under which the coverage for the insured
234 risk, before the date of application with the corporation, was
235 last provided by an insurer determined by the office to be
236 unsound or an insurer placed in receivership under chapter 631;
237 or

238 c. Subsequent renewals of those policies, including the
239 new policies in sub-subparagraph b., under which the coverage
240 for the insured risk, before the date of application with the
241 corporation, was last provided by an insurer determined by the
242 office to be unsound or an insurer placed in receivership under
243 chapter 631.

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

249 Section 2. Paragraph (c) of subsection (5) of section
250 627.7011, Florida Statutes, is amended to read:

251 627.7011 Homeowners' policies; offer of replacement cost
 252 coverage and law and ordinance coverage.—

253 (5)

254 (c) For a roof that is at least 15 years old, an insurer
 255 must allow a homeowner to have a roof inspection performed by an
 256 authorized inspector at the homeowner's expense before requiring
 257 the replacement of the roof of a residential structure as a
 258 condition of issuing or renewing a homeowner's insurance policy.
 259 The insurer may not refuse to issue or refuse to renew a
 260 homeowner's insurance policy solely because of roof age if an
 261 inspection of the roof of the residential structure performed by
 262 an authorized inspector indicates that the roof has 5 years or
 263 more of useful life remaining. An authorized inspector must use
 264 the personal Roof Condition Inspection Form issued by Citizens
 265 Property Insurance Corporation and approved by the office. An
 266 authorized inspector may provide an appendix to this form which
 267 includes pictures or other documentation to demonstrate the
 268 remaining useful life of the roof.

269 Section 3. Section 627.70143, Florida Statutes, is created
 270 to read:

271 627.70143 Commercial roof inspections.—

272 (1) As used in this section, the term "authorized
 273 inspector" has the same meaning as in s. 627.7011(5)(a).

274 (2) An authorized inspector inspecting the roof of a
 275 commercial structure must use the commercial Roof Condition

276 Inspection Form issued by Citizens Property Insurance
 277 Corporation and approved by the office. An authorized inspector
 278 may provide an appendix to this form which includes pictures or
 279 other documentation to demonstrate the remaining useful life of
 280 the roof.

281 Section 4. Subsection (1) of section 627.714, Florida
 282 Statutes, is amended to read:

283 627.714 Residential condominium unit owner coverage; loss
 284 assessment coverage required.—

285 (1) For policies issued or renewed on or after July 1,
 286 2024 ~~2010~~, coverage under a unit owner's residential property
 287 policy must include at least \$5,000 ~~\$2,000~~ in property loss
 288 assessment coverage for all assessments made as a result of the
 289 same direct loss to the property, regardless of the number of
 290 assessments, owned by all members of the association
 291 collectively if such loss is of the type of loss covered by the
 292 unit owner's residential property insurance policy, to which a
 293 deductible of no more than \$250 per direct property loss
 294 applies. If a deductible was or will be applied to other
 295 property loss sustained by the unit owner resulting from the
 296 same direct loss to the property, no deductible applies to the
 297 loss assessment coverage.

298 Section 5. This act shall take effect July 1, 2024.