

1 A bill to be entitled
2 An act relating to insurance; amending s. 163.01, F.S.;
3 correcting a cross-reference; amending s. 215.555, F.S.;
4 revising certain reimbursement contract requirements;
5 deleting an expiration provision relating to obtaining
6 coverage for liquidated insurers; delaying repeal of an
7 exemption of medical malpractice insurance premiums from
8 emergency assessments; revising criteria, requirements,
9 and limitations on temporary emergency options for
10 additional coverage under the Florida Hurricane
11 Catastrophe Fund; amending s. 215.5595, F.S.; providing an
12 exception to certain surplus note limitations for certain
13 manufactured housing insurers; amending s. 624.407, F.S.;
14 revising an insurer criterion for capital funds
15 requirements for new insurers; amending s. 624.408, F.S.;
16 specifying an additional surplus to policyholder amount
17 requirement for certain insurers; amending s. 626.9201,
18 F.S.; defining the term "nonpayment of premium"; providing
19 additional criterion for cancellation for nonpayment of
20 premium; amending s. 627.0613, F.S.; limiting application
21 of certain annual report card preparation powers of the
22 consumer advocate to personal residential property
23 insurers; amending s. 627.062, F.S.; specifying
24 application of certain "file and use" requirements to
25 property insurance only; excluding certain motor vehicle
26 coverages; amending s. 627.0655, F.S.; revising criteria
27 for certain inclusion of discounts in certain premiums;
28 amending s. 627.351, F.S.; revising legislative findings

29 and intent; limiting application of the term "subject
30 lines of business" to deficit assessments; revising a
31 provision for determining eligibility of a risk for
32 coverage; providing requirements for determining
33 comparable coverage; revising requirements relating to
34 senior management employees and members of the board of
35 governors; authorizing the office to create a pilot
36 program for the offering of optional sinkhole coverage in
37 one or more counties or other territories of the
38 corporation; revising rate filings provisions; amending s.
39 627.3511, F.S.; correcting a cross-reference; amending s.
40 627.3515, F.S.; revising criteria for an electronic
41 database for a business plan; amending s. 627.3517, F.S.;
42 deleting a provision specifying nonapplication for a
43 certain period; amending s. 627.4035, F.S.; revising a
44 premium payment plan option provision for certain
45 insurers; amending s. 627.4133, F.S.; specifying
46 requirements for notices of renewal premium of property
47 insurance policies; authorizing the Financial Services
48 Commission to adopt rules; amending s. 627.701, F.S.;
49 revising requirements for deductibles for certain personal
50 lines residential property insurance policies; amending s.
51 627.70131, F.S.; revising certain payment or denial of
52 claim requirements; requiring an insurer to pay or deny a
53 claim within a certain time period; providing requirements
54 for payment of interest on overdue claims; prohibiting the
55 expensing of interest paid in future rate filings;
56 prohibiting contractual waivers, voidances, or

57 nullifications; specifying regulatory action as an
58 exclusive remedy for certain violations; amending s.
59 627.712, F.S.; limiting application of certain residential
60 hurricane coverage requirements to property insurance
61 policies; specifying separate coverage exclusion
62 statements for policyholders that are natural persons and
63 other than natural persons; specifying a period of
64 application of certain exclusions; providing for
65 implementation of changes to certain exclusions; amending
66 s. 627.7277, F.S.; deleting certain notice of renewal
67 premium requirements; deleting authority of the commission
68 to adopt rules; amending s. 631.52, F.S.; expanding an
69 exception to application to self insurance of provisions
70 relating to Florida Insurance Guaranty of Payment;
71 amending s. 631.57, F.S.; revising certain emergency
72 assessment provisions relating to insurers rendered
73 insolvent by the effects of hurricanes; amending s.
74 631.695, F.S.; deleting provisions limiting application of
75 certain revenue bond issuance authority to certain
76 counties; preserving certain Florida Building Code
77 internal design options for certain building permits for a
78 certain time; providing for retroactive application;
79 providing severability; creating s. 624.46226; permitting
80 two or more public housing authorities to create a self-
81 insurance fund for specified purposes; providing effective
82 dates.

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

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Section 1. Paragraph (h) of subsection (7) of section 163.01, Florida Statutes, as amended by chapter 2007-1, Laws of Florida, is amended to read:

163.01 Florida Interlocal Cooperation Act of 1969.--

(7)

(h)1. Notwithstanding the provisions of paragraph (c), any separate legal entity consisting of an alliance, as defined in s. 395.106(2)(a), created pursuant to this paragraph and controlled by and whose members consist of eligible entities comprised of special districts created pursuant to a special act and having the authority to own or operate one or more hospitals licensed in this state or hospitals licensed in this state that are owned, operated, or funded by a county or municipality, for the purpose of providing property insurance coverage as defined in s. 395.106(2) (b) ~~(e)~~, for such eligible entities, may exercise all powers under this subsection in connection with borrowing funds for such purposes, including, without limitation, the authorization, issuance, and sale of bonds, notes, or other obligations of indebtedness. Borrowed funds, including, but not limited to, bonds issued by such alliance shall be deemed issued on behalf of such eligible entities that enter into loan agreements with such separate legal entity as provided in this paragraph.

2. Any such separate legal entity shall have all the powers that are provided by the interlocal agreement under which the entity is created or that are necessary to finance, operate, or manage the alliance's property insurance coverage program.

113 Proceeds of bonds, notes, or other obligations issued by such an
114 entity may be loaned to any one or more eligible entities. Such
115 eligible entities are authorized to enter into loan agreements
116 with any separate legal entity created pursuant to this
117 paragraph for the purpose of obtaining moneys with which to
118 finance property insurance coverage or claims. Obligations of
119 any eligible entity pursuant to a loan agreement as described in
120 this paragraph may be validated as provided in chapter 75.

121 3. Any bonds, notes, or other obligations to be issued or
122 incurred by a separate legal entity created pursuant to this
123 paragraph shall be authorized by resolution of the governing
124 body of such entity and bear the date or dates; mature at the
125 time or times, not exceeding 30 years from their respective
126 dates; bear interest at the rate or rates, which may be fixed or
127 vary at such time or times and in accordance with a specified
128 formula or method of determination; be payable at the time or
129 times; be in the denomination; be in the form; carry the
130 registration privileges; be executed in the manner; be payable
131 from the sources and in the medium of payment and at the place;
132 and be subject to redemption, including redemption prior to
133 maturity, as the resolution may provide. The bonds, notes, or
134 other obligations may be sold at public or private sale for such
135 price as the governing body of the separate legal entity shall
136 determine. The bonds may be secured by such credit enhancement,
137 if any, as the governing body of the separate legal entity deems
138 appropriate. The bonds may be secured by an indenture of trust
139 or trust agreement. In addition, the governing body of the
140 separate legal entity may delegate, to such officer or official

141 of such entity as the governing body may select, the power to
142 determine the time; manner of sale, public or private;
143 maturities; rate or rates of interest, which may be fixed or may
144 vary at such time or times and in accordance with a specified
145 formula or method of determination; and other terms and
146 conditions as may be deemed appropriate by the officer or
147 official so designated by the governing body of such separate
148 legal entity. However, the amounts and maturities of such bonds,
149 the interest rate or rates, and the purchase price of such bonds
150 shall be within the limits prescribed by the governing body of
151 such separate legal entity in its resolution delegating to such
152 officer or official the power to authorize the issuance and sale
153 of such bonds.

154 4. Bonds issued pursuant to this paragraph may be
155 validated as provided in chapter 75. The complaint in any action
156 to validate such bonds shall be filed only in the Circuit Court
157 for Leon County. The notice required to be published by s. 75.06
158 shall be published in Leon County and in each county in which an
159 eligible entity that is a member of an alliance is located. The
160 complaint and order of the circuit court shall be served only on
161 the State Attorney of the Second Judicial Circuit and on the
162 state attorney of each circuit in each county in which an
163 eligible entity receiving bond proceeds is located.

164 5. The accomplishment of the authorized purposes of a
165 separate legal entity created under this paragraph is deemed in
166 all respects for the benefit, increase of the commerce and
167 prosperity, and improvement of the health and living conditions
168 of the people of this state. Inasmuch as the separate legal

169 entity performs essential public functions in accomplishing its
170 purposes, the separate legal entity is not required to pay any
171 taxes or assessments of any kind upon any property acquired or
172 used by the entity for such purposes or upon any revenues at any
173 time received by the entity. The bonds, notes, and other
174 obligations of such separate legal entity, the transfer of and
175 income from such bonds, notes, and other obligations, including
176 any profits made on the sale of such bonds, notes, and other
177 obligations, are at all times free from taxation of any kind of
178 the state or by any political subdivision or other agency or
179 instrumentality of the state. The exemption granted in this
180 paragraph does not apply to any tax imposed by chapter 220 on
181 interest, income, or profits on debt obligations owned by
182 corporations.

183 6. The participation by any eligible entity in an alliance
184 or a separate legal entity created pursuant to this paragraph
185 may not be deemed a waiver of immunity to the extent of
186 liability or any other coverage, and a contract entered
187 regarding such alliance is not required to contain any provision
188 for waiver.

189 Section 2. Paragraph (b) of subsection (4), paragraph (e)
190 of subsection (5), paragraph (b) of subsection (6), and
191 subsection (16) of section 215.555, Florida Statutes, as amended
192 by chapter 2007-1, Laws of Florida, are amended to read:

193 215.555 Florida Hurricane Catastrophe Fund.--

194 (4) REIMBURSEMENT CONTRACTS.--

195 (b)1. The contract shall contain a promise by the board to
196 reimburse the insurer for 45 percent, 75 percent, or 90 percent

197 of its losses from each covered event in excess of the insurer's
 198 retention, plus 5 percent of the reimbursed losses to cover loss
 199 adjustment expenses.

200 2. The insurer must elect one of the percentage coverage
 201 levels specified in this paragraph and may, upon renewal of a
 202 reimbursement contract, elect a lower percentage coverage level
 203 if no revenue bonds issued under subsection (6) after a covered
 204 event are outstanding, or elect a higher percentage coverage
 205 level, regardless of whether or not revenue bonds are
 206 outstanding. All members of an insurer group must elect the same
 207 percentage coverage level. Any joint underwriting association,
 208 risk apportionment plan, or other entity created under s.
 209 627.351 must elect the 90-percent coverage level.

210 3. The contract shall provide that reimbursement amounts
 211 shall not be reduced by reinsurance paid or payable to the
 212 insurer from other sources.

213 4. Notwithstanding any other provision contained in this
 214 section, the board shall make available to insurers that
 215 purchased coverage provided by this subparagraph ~~participated in~~
 216 2006, insurers qualifying as limited apportionment companies
 217 under s. 627.351(6)(c) ~~which began writing property insurance in~~
 218 ~~2007~~, and insurers that were approved to participate in 2006 or
 219 that are approved in 2007 for the Insurance Capital Build-Up
 220 Incentive Program pursuant to s. 215.5595, a contract or
 221 contract addendum that provides an additional amount of
 222 reimbursement coverage of up to \$10 million. The premium to be
 223 charged for this additional reimbursement coverage shall be 50
 224 percent of the additional reimbursement coverage provided, which

225 shall include one prepaid reinstatement. The minimum retention
226 level that an eligible participating insurer must retain
227 associated with this additional coverage layer is 30 percent of
228 the insurer's surplus as of December 31, 2006. This coverage
229 shall be in addition to all other coverage that may be provided
230 under this section. The coverage provided by the fund under this
231 subsection shall be in addition to the claims-paying capacity as
232 defined in subparagraph (c)1., but only with respect to those
233 insurers that select the additional coverage option and meet the
234 requirements of this subsection. The claims-paying capacity with
235 respect to all other participating insurers and limited
236 apportionment companies that do not select the additional
237 coverage option shall be limited to their reimbursement
238 premium's proportionate share of the actual claims-paying
239 capacity otherwise defined in subparagraph (c)1. and as provided
240 for under the terms of the reimbursement contract. Coverage
241 provided in the reimbursement contract will not be affected by
242 the additional premiums paid by participating insurers
243 exercising the additional coverage option allowed in this
244 subparagraph. This subparagraph expires on May 31, 2008.

245 (5) REIMBURSEMENT PREMIUMS.--

246 (e) If Citizens Property Insurance Corporation assumes or
247 otherwise provides coverage for policies of an insurer placed in
248 liquidation under chapter 631 pursuant to s. 627.351(6), the
249 corporation may, pursuant to conditions mutually agreed to
250 between the corporation and the State Board of Administration,
251 obtain coverage for such policies under its contract with the
252 fund or accept an assignment of the liquidated insurer's

253 contract with the fund. If Citizens Property Insurance
 254 Corporation elects to cover these policies under the
 255 corporation's contract with the fund, it shall notify the board
 256 of its insured values with respect to such policies within a
 257 specified time mutually agreed to between the corporation and
 258 the board, after such assumption or other coverage transaction,
 259 and the fund shall treat such policies as having been in effect
 260 as of June 30 of that year. In the event of an assignment, the
 261 fund shall apply that contract to such policies and treat
 262 Citizens Property Insurance Corporation as if the corporation
 263 were the liquidated insurer for the remaining term of the
 264 contract, and the corporation shall have all rights and duties
 265 of the liquidated insurer beginning on the date it provides
 266 coverage for such policies, but the corporation is not subject
 267 to any preexisting rights, liabilities, or duties of the
 268 liquidated insurer. The assignment, including any unresolved
 269 issues between the liquidated insurer and Citizens Property
 270 Insurance Corporation under the contract, shall be provided for
 271 in the liquidation order or otherwise determined by the court.
 272 However, if a covered event occurs before the effective date of
 273 the assignment, the corporation may not obtain coverage for such
 274 policies under its contract with the fund and shall accept an
 275 assignment of the liquidated insurer's contract as provided in
 276 this paragraph. ~~This paragraph expires on June 1, 2007.~~

277 (6) REVENUE BONDS.--

278 (b) Emergency assessments.--

279 1. If the board determines that the amount of revenue
 280 produced under subsection (5) is insufficient to fund the

281 obligations, costs, and expenses of the fund and the
282 corporation, including repayment of revenue bonds and that
283 portion of the debt service coverage not met by reimbursement
284 premiums, the board shall direct the Office of Insurance
285 Regulation to levy, by order, an emergency assessment on direct
286 premiums for all property and casualty lines of business in this
287 state, including property and casualty business of surplus lines
288 insurers regulated under part VIII of chapter 626, but not
289 including any workers' compensation premiums or medical
290 malpractice premiums. As used in this subsection, the term
291 "property and casualty business" includes all lines of business
292 identified on Form 2, Exhibit of Premiums and Losses, in the
293 annual statement required of authorized insurers by s. 624.424
294 and any rule adopted under this section, except for those lines
295 identified as accident and health insurance and except for
296 policies written under the National Flood Insurance Program. The
297 assessment shall be specified as a percentage of direct written
298 premium and is subject to annual adjustments by the board in
299 order to meet debt obligations. The same percentage shall apply
300 to all policies in lines of business subject to the assessment
301 issued or renewed during the 12-month period beginning on the
302 effective date of the assessment.

303 2. A premium is not subject to an annual assessment under
304 this paragraph in excess of 6 percent of premium with respect to
305 obligations arising out of losses attributable to any one
306 contract year, and a premium is not subject to an aggregate
307 annual assessment under this paragraph in excess of 10 percent
308 of premium. An annual assessment under this paragraph shall

309 | continue as long as the revenue bonds issued with respect to
310 | which the assessment was imposed are outstanding, including any
311 | bonds the proceeds of which were used to refund the revenue
312 | bonds, unless adequate provision has been made for the payment
313 | of the bonds under the documents authorizing issuance of the
314 | bonds.

315 | 3. Emergency assessments shall be collected from
316 | policyholders. Emergency assessments shall be remitted by
317 | insurers as a percentage of direct written premium for the
318 | preceding calendar quarter as specified in the order from the
319 | Office of Insurance Regulation. The office shall verify the
320 | accurate and timely collection and remittance of emergency
321 | assessments and shall report the information to the board in a
322 | form and at a time specified by the board. Each insurer
323 | collecting assessments shall provide the information with
324 | respect to premiums and collections as may be required by the
325 | office to enable the office to monitor and verify compliance
326 | with this paragraph.

327 | 4. With respect to assessments of surplus lines premiums,
328 | each surplus lines agent shall collect the assessment at the
329 | same time as the agent collects the surplus lines tax required
330 | by s. 626.932, and the surplus lines agent shall remit the
331 | assessment to the Florida Surplus Lines Service Office created
332 | by s. 626.921 at the same time as the agent remits the surplus
333 | lines tax to the Florida Surplus Lines Service Office. The
334 | emergency assessment on each insured procuring coverage and
335 | filing under s. 626.938 shall be remitted by the insured to the
336 | Florida Surplus Lines Service Office at the time the insured

337 | pays the surplus lines tax to the Florida Surplus Lines Service
338 | Office. The Florida Surplus Lines Service Office shall remit the
339 | collected assessments to the fund or corporation as provided in
340 | the order levied by the Office of Insurance Regulation. The
341 | Florida Surplus Lines Service Office shall verify the proper
342 | application of such emergency assessments and shall assist the
343 | board in ensuring the accurate and timely collection and
344 | remittance of assessments as required by the board. The Florida
345 | Surplus Lines Service Office shall annually calculate the
346 | aggregate written premium on property and casualty business,
347 | other than workers' compensation and medical malpractice,
348 | procured through surplus lines agents and insureds procuring
349 | coverage and filing under s. 626.938 and shall report the
350 | information to the board in a form and at a time specified by
351 | the board.

352 | 5. Any assessment authority not used for a particular
353 | contract year may be used for a subsequent contract year. If,
354 | for a subsequent contract year, the board determines that the
355 | amount of revenue produced under subsection (5) is insufficient
356 | to fund the obligations, costs, and expenses of the fund and the
357 | corporation, including repayment of revenue bonds and that
358 | portion of the debt service coverage not met by reimbursement
359 | premiums, the board shall direct the Office of Insurance
360 | Regulation to levy an emergency assessment up to an amount not
361 | exceeding the amount of unused assessment authority from a
362 | previous contract year or years, plus an additional 4 percent
363 | provided that the assessments in the aggregate do not exceed the
364 | limits specified in subparagraph 2.

365 6. The assessments otherwise payable to the corporation
 366 under this paragraph shall be paid to the fund unless and until
 367 the Office of Insurance Regulation and the Florida Surplus Lines
 368 Service Office have received from the corporation and the fund a
 369 notice, which shall be conclusive and upon which they may rely
 370 without further inquiry, that the corporation has issued bonds
 371 and the fund has no agreements in effect with local governments
 372 under paragraph (c). On or after the date of the notice and
 373 until the date the corporation has no bonds outstanding, the
 374 fund shall have no right, title, or interest in or to the
 375 assessments, except as provided in the fund's agreement with the
 376 corporation.

377 7. Emergency assessments are not premium and are not
 378 subject to the premium tax, to the surplus lines tax, to any
 379 fees, or to any commissions. An insurer is liable for all
 380 assessments that it collects and must treat the failure of an
 381 insured to pay an assessment as a failure to pay the premium. An
 382 insurer is not liable for uncollectible assessments.

383 8. When an insurer is required to return an unearned
 384 premium, it shall also return any collected assessment
 385 attributable to the unearned premium. A credit adjustment to the
 386 collected assessment may be made by the insurer with regard to
 387 future remittances that are payable to the fund or corporation,
 388 but the insurer is not entitled to a refund.

389 9. When a surplus lines insured or an insured who has
 390 procured coverage and filed under s. 626.938 is entitled to the
 391 return of an unearned premium, the Florida Surplus Lines Service
 392 Office shall provide a credit or refund to the agent or such

393 insured for the collected assessment attributable to the
 394 unearned premium prior to remitting the emergency assessment
 395 collected to the fund or corporation.

396 10. The exemption of medical malpractice insurance
 397 premiums from emergency assessments under this paragraph is
 398 repealed May 31, 2008 ~~2007~~, and medical malpractice insurance
 399 premiums shall be subject to emergency assessments attributable
 400 to loss events occurring in the contract years commencing on
 401 June 1, 2008 ~~2007~~.

402 (16) TEMPORARY EMERGENCY OPTIONS FOR ADDITIONAL
 403 COVERAGE.--

404 (a) Findings and intent.--

405 1. The Legislature finds that:

406 a. Because of temporary disruptions in the market for
 407 catastrophic reinsurance, many property insurers were unable to
 408 procure reinsurance for the 2006 hurricane season with an
 409 attachment point below the insurers' respective Florida
 410 Hurricane Catastrophe Fund attachment points, were unable to
 411 procure sufficient amounts of such reinsurance, or were able to
 412 procure such reinsurance only by incurring substantially higher
 413 costs than in prior years.

414 b. The reinsurance market problems were responsible, at
 415 least in part, for substantial premium increases to many
 416 consumers and increases in the number of policies issued by the
 417 Citizens Property Insurance Corporation.

418 c. It is likely that the reinsurance market disruptions
 419 will not significantly abate prior to the 2007 hurricane season.

420 2. It is the intent of the Legislature to create a

421 temporary emergency program, applicable to the 2007, 2008, and
422 2009 hurricane seasons, to address these market disruptions and
423 enable insurers, at their option, to procure additional coverage
424 from the Florida Hurricane Catastrophe Fund.

425 (b) Applicability of other provisions of this
426 section.--All provisions of this section and the rules adopted
427 under this section apply to the program created by this
428 subsection unless specifically superseded by this subsection.

429 (c) Optional coverage.--For the contract year commencing
430 June 1, 2007, and ending May 31, 2008, the contract year
431 commencing June 1, 2008, and ending May 31, 2009, and the
432 contract year commencing June 1, 2009, and ending May 31, 2010,
433 the board shall offer for each of such years the optional
434 coverage as provided in this subsection.

435 (d) Additional definitions.--As used in this subsection,
436 the term:

437 1. "TEACO options" means the temporary emergency
438 additional coverage options created under this subsection.

439 2. "TEACO insurer" means an insurer that has opted to
440 obtain coverage under the TEACO options in addition to the
441 coverage provided to the insurer under its reimbursement
442 contract.

443 3. "TEACO reimbursement premium" means the premium charged
444 by the fund for coverage provided under the TEACO options.

445 4. "TEACO retention" means the amount of losses below
446 which a TEACO insurer is not entitled to reimbursement from the
447 fund under the TEACO option selected. A TEACO insurer's
448 retention options shall be calculated as follows:

449 a. The board shall calculate and report to each TEACO
 450 insurer the TEACO retention multiples. There shall be three
 451 TEACO retention multiples for defining coverage. Each multiple
 452 shall be calculated by dividing \$3 billion, \$4 billion, or \$5
 453 billion by the total estimated mandatory FHCF TEACO
 454 reimbursement premium assuming all insurers ~~selected that~~
 455 ~~option. Total estimated TEACO reimbursement premium for purposes~~
 456 ~~of the calculation under this sub-subparagraph shall be~~
 457 ~~calculated using the assumption that all insurers have selected~~
 458 ~~a specific TEACO retention multiple option and have selected the~~
 459 90-percent coverage level.

460 b. The TEACO retention multiples as determined under sub-
 461 subparagraph a. shall be adjusted to reflect the coverage level
 462 elected by the insurer. For insurers electing the 90-percent
 463 coverage level, the adjusted retention multiple is 100 percent
 464 of the amount determined under sub-subparagraph a. For insurers
 465 electing the 75-percent coverage level, the retention multiple
 466 is 120 percent of the amount determined under sub-subparagraph
 467 a. For insurers electing the 45-percent coverage level, the
 468 adjusted retention multiple is 200 percent of the amount
 469 determined under sub-subparagraph a.

470 c. An insurer shall determine its provisional TEACO
 471 retention by multiplying its estimated mandatory FHCF
 472 ~~provisional TEACO~~ reimbursement premium by the applicable
 473 adjusted TEACO retention multiple and shall determine its actual
 474 TEACO retention by multiplying its actual mandatory FHCF TEACO
 475 reimbursement premium by the applicable adjusted TEACO retention
 476 multiple.

477 d. For TEACO insurers who experience multiple covered
478 events causing loss during the contract year, the insurer's full
479 TEACO retention shall be applied to each of the covered events
480 causing the two largest losses for that insurer. For other
481 covered events resulting in losses, the TEACO option does not
482 apply and the insurer's retention shall be one-third of the full
483 retention as calculated under paragraph (2)(e).

484 5. "TEACO addendum" means an addendum to the reimbursement
485 contract reflecting the obligations of the fund and TEACO
486 insurers under the program created by this subsection.

487 6. "FHCF" means the Florida Hurricane Catastrophe Fund.

488 (e) TEACO addendum.--

489 1. The TEACO addendum shall provide for reimbursement of
490 TEACO insurers for covered events occurring during the contract
491 year, in exchange for the TEACO reimbursement premium paid into
492 the fund under paragraph (f). Any insurer writing covered
493 policies has the option of choosing to accept the TEACO addendum
494 for any of the 3 contract years that the coverage is offered.

495 2. The TEACO addendum shall contain a promise by the board
496 to reimburse the TEACO insurer for 45 percent, 75 percent, or 90
497 percent of its losses from each covered event in excess of the
498 insurer's TEACO retention, plus 5 percent of the reimbursed
499 losses to cover loss adjustment expenses. The percentage shall
500 be the same as the coverage level selected by the insurer under
501 paragraph (4)(b).

502 3. The TEACO addendum shall provide that reimbursement
503 amounts shall not be reduced by reinsurance paid or payable to
504 the insurer from other sources.

505 4. The TEACO addendum shall also provide that the
 506 obligation of the board with respect to all TEACO addenda shall
 507 not exceed an amount equal to two times the difference between
 508 the industry retention level calculated under paragraph (2)(e)
 509 and the \$3 billion, \$4 billion, or \$5 billion industry TEACO
 510 retention level options actually selected, but in no event may
 511 the board's obligation exceed the actual claims-paying capacity
 512 of the fund plus the additional capacity created in paragraph
 513 (g). If the actual claims-paying capacity and the additional
 514 capacity created under paragraph (g) fall short of the board's
 515 obligations under the reimbursement contract, each insurer's
 516 share of the fund's capacity shall be prorated based on the
 517 premium an insurer pays for its mandatory ~~normal~~ reimbursement
 518 coverage and the premium paid for its optional TEACO coverage as
 519 each such premium bears to the total premiums paid to the fund
 520 times the available capacity.

521 5. The priorities, schedule, and method of reimbursements
 522 under the TEACO addendum shall be the same as provided under
 523 subsection (4).

524 6. A TEACO insurer's maximum reimbursement for a single
 525 event shall be equal to the product of multiplying its mandatory
 526 FHCF premium by the difference between its FHCF retention
 527 multiple and its TEACO retention multiple under the TEACO option
 528 selected and by the coverage selected under paragraph (4)(b),
 529 plus an additional 5 percent for loss adjustment expenses. A
 530 TEACO insurer's maximum reimbursement under the TEACO option
 531 selected for a TEACO insurer's two largest events ~~addendum~~ shall
 532 be twice its maximum reimbursement for a single event ~~calculated~~

533 ~~by multiplying the insurer's share of the estimated total TEACO~~
534 ~~reimbursement premium as calculated under sub-subparagraph~~
535 ~~(d)4.a. by an amount equal to two times the difference between~~
536 ~~the industry retention level calculated under paragraph (2)(c)~~
537 ~~and the \$3 billion, \$4 billion, or \$5 billion industry TEACO~~
538 ~~retention level specified in sub-subparagraph (d)4.a. as~~
539 ~~selected by the TEACO insurer.~~

540 (f) TEACO reimbursement premiums.--

541 1. Each TEACO insurer shall pay to the fund, in the manner
542 and at the time provided in the reimbursement contract for
543 payment of reimbursement premiums, a TEACO reimbursement premium
544 calculated as specified in this paragraph.

545 2. ~~The TEACO reimbursement premiums shall be calculated~~
546 ~~based on the assumption that, if all insurers entering into~~
547 ~~reimbursement contracts under subsection (4) also accepted the~~
548 ~~TEACO option.~~

549 a. The insurer's industry TEACO reimbursement premium
550 associated with the \$3 billion retention option shall ~~would~~ be
551 equal to 85 percent of a TEACO insurer's maximum reimbursement
552 for a single event as calculated under subparagraph (e)6. ~~the~~
553 ~~difference between the industry retention level calculated under~~
554 ~~paragraph (2)(c) and the \$3 billion industry TEACO retention~~
555 ~~level.~~

556 b. The TEACO reimbursement premium associated with the \$4
557 billion retention option shall ~~would~~ be equal to 80 percent of a
558 TEACO insurer's maximum reimbursement for a single event as
559 calculated under subparagraph (e)6. ~~the difference between the~~
560 ~~industry retention level calculated under paragraph (2)(c) and~~

561 ~~the \$4 billion industry TEACO retention level.~~

562 ~~e. The TEACO premium associated with the \$5 billion~~
 563 ~~retention option shall~~ would ~~be equal to 75 percent of a TEACO~~
 564 insurer's maximum reimbursement for a single event as calculated
 565 under subparagraph (e)6. ~~the difference between the industry~~
 566 ~~retention level calculated under paragraph (2)(e) and the \$5~~
 567 ~~billion industry TEACO retention level.~~

568 ~~3. Each insurer's TEACO premium shall be calculated based~~
 569 ~~on its share of the total TEACO reimbursement premiums based on~~
 570 ~~its coverage selection under the TEACO addendum.~~

571 (g) Effect on claims-paying capacity of the fund.--For the
 572 contract term commencing June 1, 2007, the contract year
 573 commencing June 1, 2008, and the contract term beginning June 1,
 574 2009, the program created by this subsection shall increase the
 575 claims-paying capacity of the fund as provided in subparagraph
 576 (4)(c)1. by an amount equal to two times the difference between
 577 the industry retention level calculated under paragraph (2)(e)
 578 and the \$3 billion industry TEACO retention level specified in
 579 sub-subparagraph (d)4.a. The additional capacity shall apply
 580 only to the additional coverage provided by the TEACO option and
 581 shall not otherwise affect any insurer's reimbursement from the
 582 fund.

583 Section 3. Paragraph (b) of subsection (2) of section
 584 215.5595, Florida Statutes, is amended to read:

585 215.5595 Insurance Capital Build-Up Incentive Program.--

586 (2) The purpose of this section is to provide surplus
 587 notes to new or existing authorized residential property
 588 insurers under the Insurance Capital Build-Up Incentive Program

589 administered by the State Board of Administration, under the
 590 following conditions:

591 (b) The insurer must contribute an amount of new capital
 592 to its surplus which is at least equal to the amount of the
 593 surplus note and must apply to the board by July 1, 2006. If an
 594 insurer applies after July 1, 2006, but before June 1, 2007, the
 595 amount of the surplus note is limited to one-half of the new
 596 capital that the insurer contributes to its surplus, except for
 597 an insurer writing only manufactured housing policies, for which
 598 the amount of the surplus note is equal to the amount of the new
 599 capital that the insurer contributes to its surplus. For
 600 purposes of this section, new capital must be in the form of
 601 cash or cash equivalents as specified in s. 625.012(1).

602 Section 4. Subsection (1) of section 624.407, Florida
 603 Statutes, as amended by chapter 2007-1, Laws of Florida, is
 604 amended to read:

605 624.407 Capital funds required; new insurers.--

606 (1) To receive authority to transact any one kind or
 607 combinations of kinds of insurance, as defined in part V of this
 608 chapter, an insurer applying for its original certificate of
 609 authority in this state after the effective date of this section
 610 shall possess surplus as to policyholders not less than the
 611 greater of:

612 (a) Five million dollars for a property and casualty
 613 insurer, or \$2.5 million for any other insurer;

614 (b) For life insurers, 4 percent of the insurer's total
 615 liabilities;

616 (c) For life and health insurers, 4 percent of the

617 insurer's total liabilities, plus 6 percent of the insurer's
618 liabilities relative to health insurance; or

619 (d) For all insurers other than life insurers and life and
620 health insurers, 10 percent of the insurer's total liabilities;

621
622 however, a domestic insurer that transacts residential property
623 insurance and is a wholly owned subsidiary of an insurer
624 domiciled ~~authorized to do business~~ in any other state shall
625 possess surplus as to policyholders of at least \$50 million, but
626 no insurer shall be required under this subsection to have
627 surplus as to policyholders greater than \$100 million.

628 Section 5. Paragraph (a) of subsection (1) of section
629 624.408, Florida Statutes, is amended to read:

630 624.408 Surplus as to policyholders required; new and
631 existing insurers.--

632 (1)(a) To maintain a certificate of authority to transact
633 any one kind or combinations of kinds of insurance, as defined
634 in part V of this chapter, an insurer in this state shall at all
635 times maintain surplus as to policyholders not less than the
636 greater of:

637 1. Except as provided in subparagraph 5. and paragraph
638 (b), \$1.5 million;

639 2. For life insurers, 4 percent of the insurer's total
640 liabilities;

641 3. For life and health insurers, 4 percent of the
642 insurer's total liabilities plus 6 percent of the insurer's
643 liabilities relative to health insurance; or

644 4. For all insurers other than mortgage guaranty insurers,

645 life insurers, and life and health insurers, 10 percent of the
646 insurer's total liabilities.

647 5. For property and casualty insurers, \$4 million;
648 however, a domestic insurer that transacts residential property
649 insurance and is a wholly owned subsidiary of an insurer
650 domiciled in any other state shall possess surplus as to
651 policyholders of at least \$50 million.

652 Section 6. Subsection (2) of section 626.9201, Florida
653 Statutes, is amended to read:

654 626.9201 Notice of cancellation or nonrenewal.--

655 (2) An insurer issuing a policy providing coverage for
656 property, casualty, surety, or marine insurance shall give the
657 named insured written notice of cancellation or termination
658 other than nonrenewal at least 45 days prior to the effective
659 date of the cancellation or termination, including in the
660 written notice the reason or reasons for the cancellation or
661 termination, except that:

662 (a) When cancellation is for nonpayment of premium, at
663 least 10 days' written notice of cancellation accompanied by the
664 reason therefor shall be given. As used in this paragraph, the
665 term "nonpayment of premium" means failure of the named insured
666 to discharge when due any of his or her obligations in
667 connection with the payment of premiums on a policy or any
668 installment of such premium, whether the premium is payable
669 directly to the insurer or its agent or indirectly under any
670 premium finance plan or extension of credit, or failure to
671 maintain membership in an organization if such membership is a
672 condition precedent to insurance coverage. The term "nonpayment

673 of premium" also means the failure of a financial institution to
 674 honor an insurance applicant's check after delivery to a
 675 licensed agent for payment of a premium, even if the agent has
 676 previously delivered or transferred the premium to the insurer.
 677 If a correctly dishonored check represents the initial premium
 678 payment, the contract and all contractual obligations shall be
 679 void ab initio unless the nonpayment is cured within the earlier
 680 of 5 days after actual notice by certified mail is received by
 681 the applicant or 15 days after notice is sent to the applicant
 682 by certified mail or registered mail, and, if the contract is
 683 void, any premium received by the insurer from a third party
 684 shall be refunded to that party in full; and

685 (b) When such cancellation or termination occurs during
 686 the first 90 days during which the insurance is in force and the
 687 insurance is canceled or terminated for reasons other than
 688 nonpayment, at least 20 days' written notice of cancellation or
 689 termination accompanied by the reason therefor shall be given
 690 except where there has been a material misstatement or
 691 misrepresentation or failure to comply with the underwriting
 692 requirements established by the insurer.

693 Section 7. Subsection (4) of section 627.0613, Florida
 694 Statutes, as amended by chapter 2007-1, Laws of Florida, is
 695 amended to read:

696 627.0613 Consumer advocate.--The Chief Financial Officer
 697 must appoint a consumer advocate who must represent the general
 698 public of the state before the department and the office. The
 699 consumer advocate must report directly to the Chief Financial
 700 Officer, but is not otherwise under the authority of the

701 department or of any employee of the department. The consumer
 702 advocate has such powers as are necessary to carry out the
 703 duties of the office of consumer advocate, including, but not
 704 limited to, the powers to:

705 (4) Prepare an annual report card for each authorized
 706 personal residential property insurer, on a form and using a
 707 letter-grade scale developed by the commission by rule, which
 708 grades each insurer based on the following factors:

709 (a) The number and nature of consumer complaints received
 710 by the department against the insurer.

711 (b) The disposition of all complaints received by the
 712 department.

713 (c) The average length of time for payment of claims by
 714 the insurer.

715 (d) Any other factors the commission identifies as
 716 assisting policyholders in making informed choices about
 717 homeowner's insurance.

718 Section 8. Paragraph (a) of subsection (2) of section
 719 627.062, Florida Statutes, as amended by chapter 2007-1, Laws of
 720 Florida, is amended to read:

721 627.062 Rate standards.--

722 (2) As to all such classes of insurance:

723 (a) Insurers or rating organizations shall establish and
 724 use rates, rating schedules, or rating manuals to allow the
 725 insurer a reasonable rate of return on such classes of insurance
 726 written in this state. A copy of rates, rating schedules, rating
 727 manuals, premium credits or discount schedules, and surcharge
 728 schedules, and changes thereto, shall be filed with the office

729 under one of the following procedures except as provided in
730 subparagraph 3.:

731 1. If the filing is made at least 90 days before the
732 proposed effective date and the filing is not implemented during
733 the office's review of the filing and any proceeding and
734 judicial review, then such filing shall be considered a "file
735 and use" filing. In such case, the office shall finalize its
736 review by issuance of a notice of intent to approve or a notice
737 of intent to disapprove within 90 days after receipt of the
738 filing. The notice of intent to approve and the notice of intent
739 to disapprove constitute agency action for purposes of the
740 Administrative Procedure Act. Requests for supporting
741 information, requests for mathematical or mechanical
742 corrections, or notification to the insurer by the office of its
743 preliminary findings shall not toll the 90-day period during any
744 such proceedings and subsequent judicial review. The rate shall
745 be deemed approved if the office does not issue a notice of
746 intent to approve or a notice of intent to disapprove within 90
747 days after receipt of the filing.

748 2. If the filing is not made in accordance with the
749 provisions of subparagraph 1., such filing shall be made as soon
750 as practicable, but no later than 30 days after the effective
751 date, and shall be considered a "use and file" filing. An
752 insurer making a "use and file" filing is potentially subject to
753 an order by the office to return to policyholders portions of
754 rates found to be excessive, as provided in paragraph (h).

755 3. For all filings made or submitted after January 25,
756 2007, but ~~on or~~ before December 31, 2008, an insurer seeking a

757 rate that is greater than the rate most recently approved by the
 758 office shall make a "file and use" filing. This subparagraph
 759 applies to property insurance only. For purposes of this
 760 subparagraph, motor vehicle collision and comprehensive
 761 coverages are not considered to be property coverages.

762
 763 The provisions of this subsection shall not apply to workers'
 764 compensation and employer's liability insurance and to motor
 765 vehicle insurance.

766 Section 9. Section 627.0655, Florida Statutes, as created
 767 by chapter 2007-1, Laws of Florida, is amended to read:

768 627.0655 Policyholder loss or expense-related premium
 769 discounts.--An insurer or person authorized to engage in the
 770 business of insurance in this state may include, in the premium
 771 charged an insured for any policy, contract, or certificate of
 772 insurance, a discount based on the fact that another policy,
 773 contract, or certificate of any type has been purchased by the
 774 insured from the same insurer or insurer group.

775 Section 10. Paragraphs (a), (b), (c), (d), (m), (n), and
 776 (v) of subsection (6) of section 627.351, Florida Statutes, as
 777 amended by chapter 2007-1, Laws of Florida, are amended, and
 778 paragraph (ff) of that subsection is created, to read:

779 627.351 Insurance risk apportionment plans.--

780 (6) CITIZENS PROPERTY INSURANCE CORPORATION.--

781 (a)1. It is the public purpose of this subsection to
 782 ensure the existence of an orderly market for property insurance
 783 for Florida's residents and businesses. The Legislature finds
 784 that ~~actual and threatened catastrophic losses to property in~~

785 ~~this state from hurricanes have caused~~ insurers are to be
786 unwilling or unable to provide affordable property insurance
787 coverage in this state to the extent sought and needed. The
788 absence of affordable property insurance threatens the public
789 health, safety, and welfare and likewise threatens the economic
790 health of this state. The state therefore has a compelling ~~It is~~
791 ~~in the~~ public interest and a public purpose to assist in
792 assuring that property in the state is insured so as to
793 facilitate the remediation, reconstruction, and replacement of
794 damaged or destroyed property in order to reduce or avoid the
795 negative effects otherwise resulting to the public health,
796 safety, and welfare; to the economy of the state; and to the
797 revenues of the state and local governments needed to provide
798 for the public welfare. It is necessary, therefore, to provide
799 property insurance to applicants who are in good faith entitled
800 to procure insurance through the voluntary market but are unable
801 to do so. The Legislature intends by this subsection that
802 property insurance be provided and that it continues to be
803 provided, as long as necessary, through Citizens Property
804 Insurance Corporation, a government entity that is an integral
805 part of the state and that is not a private insurance company.
806 Citizens Property Insurance Corporation shall remain subject to
807 all remedies available against an insurer. To that end, the
808 corporation shall strive ~~an entity organized~~ to achieve
809 efficiencies and economies, while providing service to
810 policyholders, applicants, and agents that is no less than the
811 quality generally provided in the voluntary market, for all
812 ~~toward~~ the achievement of the foregoing public purposes. Because

813 it is essential for such government entity ~~the corporation~~ to
814 have the maximum financial resources to pay claims following a
815 catastrophic hurricane, it is the intent of the Legislature that
816 Citizens Property Insurance Corporation continues to be an
817 integral part of this state and that the income of the
818 corporation be exempt from federal income taxation and that
819 interest on the debt obligations issued by the corporation be
820 exempt from federal income taxation.

821 2. The Residential Property and Casualty Joint
822 Underwriting Association originally created by this statute
823 shall be known, as of July 1, 2002, as the Citizens Property
824 Insurance Corporation. The corporation shall provide insurance
825 for residential and commercial property, for applicants who are
826 in good faith entitled, but are unable, to procure insurance
827 through the voluntary market. The corporation shall operate
828 pursuant to a plan of operation approved by order of the
829 Financial Services Commission. The plan is subject to continuous
830 review by the commission. The commission may, by order, withdraw
831 approval of all or part of a plan if the commission determines
832 that conditions have changed since approval was granted and that
833 the purposes of the plan require changes in the plan. The
834 corporation shall continue to operate pursuant to the plan of
835 operation approved by the Office of Insurance Regulation until
836 October 1, 2006. For the purposes of this subsection,
837 residential coverage includes both personal lines residential
838 coverage, which consists of the type of coverage provided by
839 homeowner's, mobile home owner's, dwelling, tenant's,
840 condominium unit owner's, and similar policies, and commercial

841 lines residential coverage, which consists of the type of
842 coverage provided by condominium association, apartment
843 building, and similar policies.

844 3. For the purposes of this subsection, the term
845 "homestead property" means:

846 a. Property that has been granted a homestead exemption
847 under chapter 196;

848 b. Property for which the owner has a current, written
849 lease with a renter for a term of at least 7 months and for
850 which the dwelling is insured by the corporation for \$200,000 or
851 less;

852 c. An owner-occupied mobile home or manufactured home, as
853 defined in s. 320.01, which is permanently affixed to real
854 property, is owned by a Florida resident, and has been granted a
855 homestead exemption under chapter 196 or, if the owner does not
856 own the real property, the owner certifies that the mobile home
857 or manufactured home is his or her principal place of residence;

858 d. Tenant's coverage;

859 e. Commercial lines residential property; or

860 f. Any county, district, or municipal hospital; a hospital
861 licensed by any not-for-profit corporation qualified under s.
862 501(c)(3) of the United States Internal Revenue Code; or a
863 continuing care retirement community that is certified under
864 chapter 651 and that receives an exemption from ad valorem taxes
865 under chapter 196.

866 4. For the purposes of this subsection, the term
867 "nonhomestead property" means property that is not homestead
868 property.

869 5. Effective July 1, 2008, a personal lines residential
870 structure that has a dwelling replacement cost of \$1 million or
871 more, or a single condominium unit that has a combined dwelling
872 and content replacement cost of \$1 million or more is not
873 eligible for coverage by the corporation. Such dwellings insured
874 by the corporation on June 30, 2008, may continue to be covered
875 by the corporation until the end of the policy term. However,
876 such dwellings that are insured by the corporation and become
877 ineligible for coverage due to the provisions of this
878 subparagraph may reapply and obtain coverage in the high-risk
879 account and be considered "nonhomestead property" if the
880 property owner provides the corporation with a sworn affidavit
881 from one or more insurance agents, on a form provided by the
882 corporation, stating that the agents have made their best
883 efforts to obtain coverage and that the property has been
884 rejected for coverage by at least one authorized insurer and at
885 least three surplus lines insurers. If such conditions are met,
886 the dwelling may be insured by the corporation for up to 3
887 years, after which time the dwelling is ineligible for coverage.
888 The office shall approve the method used by the corporation for
889 valuing the dwelling replacement cost for the purposes of this
890 subparagraph. If a policyholder is insured by the corporation
891 prior to being determined to be ineligible pursuant to this
892 subparagraph and such policyholder files a lawsuit challenging
893 the determination, the policyholder may remain insured by the
894 corporation until the conclusion of the litigation.

895 6. For properties constructed on or after January 1, 2009,
896 the corporation may not insure any property located within 2,500

897 feet landward of the coastal construction control line created
898 pursuant to s. 161.053 unless the property meets the
899 requirements of the code-plus building standards developed by
900 the Florida Building Commission.

901 7. It is the intent of the Legislature that policyholders,
902 applicants, and agents of the corporation receive service and
903 treatment of the highest possible level but never less than that
904 generally provided in the voluntary market. It also is intended
905 that the corporation be held to service standards no less than
906 those applied to insurers in the voluntary market by the office
907 with respect to responsiveness, timeliness, customer courtesy,
908 and overall dealings with policyholders, applicants, or agents
909 of the corporation.

910 (b)1. All insurers authorized to write one or more subject
911 lines of business in this state are subject to assessment by the
912 corporation and, for the purposes of this subsection, are
913 referred to collectively as "assessable insurers." Insurers
914 writing one or more subject lines of business in this state
915 pursuant to part VIII of chapter 626 are not assessable
916 insurers, but insureds who procure one or more subject lines of
917 business in this state pursuant to part VIII of chapter 626 are
918 subject to assessment by the corporation and are referred to
919 collectively as "assessable insureds." An authorized insurer's
920 assessment liability shall begin on the first day of the
921 calendar year following the year in which the insurer was issued
922 a certificate of authority to transact insurance for subject
923 lines of business in this state and shall terminate 1 year after
924 the end of the first calendar year during which the insurer no

925 longer holds a certificate of authority to transact insurance
926 for subject lines of business in this state.

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

930 (I) A personal lines account for personal residential
931 policies issued by the corporation or issued by the Residential
932 Property and Casualty Joint Underwriting Association and renewed
933 by the corporation that provide comprehensive, multiperil
934 coverage on risks that are not located in areas eligible for
935 coverage in the Florida Windstorm Underwriting Association as
936 those areas were defined on January 1, 2002, and for such
937 policies that do not provide coverage for the peril of wind on
938 risks that are located in such areas;

939 (II) A commercial lines account for commercial residential
940 and commercial nonresidential policies issued by the corporation
941 or issued by the Residential Property and Casualty Joint
942 Underwriting Association and renewed by the corporation that
943 provide coverage for basic property perils on risks that are not
944 located in areas eligible for coverage in the Florida Windstorm
945 Underwriting Association as those areas were defined on January
946 1, 2002, and for such policies that do not provide coverage for
947 the peril of wind on risks that are located in such areas; and

948 (III) A high-risk account for personal residential
949 policies and commercial residential and commercial
950 nonresidential property policies issued by the corporation or
951 transferred to the corporation that provide coverage for the
952 peril of wind on risks that are located in areas eligible for

953 coverage in the Florida Windstorm Underwriting Association as
954 those areas were defined on January 1, 2002. Subject to the
955 approval of a business plan by the Financial Services Commission
956 and Legislative Budget Commission as provided in this sub-sub-
957 subparagraph, but no earlier than March 31, 2007, the
958 corporation may offer policies that provide multiperil coverage
959 and the corporation shall continue to offer policies that
960 provide coverage only for the peril of wind for risks located in
961 areas eligible for coverage in the high-risk account. In issuing
962 multiperil coverage, the corporation may use its approved policy
963 forms and rates for the personal lines account. An applicant or
964 insured who is eligible to purchase a multiperil policy from the
965 corporation may purchase a multiperil policy from an authorized
966 insurer without prejudice to the applicant's or insured's
967 eligibility to prospectively purchase a policy that provides
968 coverage only for the peril of wind from the corporation. An
969 applicant or insured who is eligible for a corporation policy
970 that provides coverage only for the peril of wind may elect to
971 purchase or retain such policy and also purchase or retain
972 coverage excluding wind from an authorized insurer without
973 prejudice to the applicant's or insured's eligibility to
974 prospectively purchase a policy that provides multiperil
975 coverage from the corporation. It is the goal of the Legislature
976 that there would be an overall average savings of 10 percent or
977 more for a policyholder who currently has a wind-only policy
978 with the corporation, and an ex-wind policy with a voluntary
979 insurer or the corporation, and who then obtains a multiperil
980 policy from the corporation. It is the intent of the Legislature

981 that the offer of multiperil coverage in the high-risk account
982 be made and implemented in a manner that does not adversely
983 affect the tax-exempt status of the corporation or
984 creditworthiness of or security for currently outstanding
985 financing obligations or credit facilities of the high-risk
986 account, the personal lines account, or the commercial lines
987 account. By March 1, 2007, the corporation shall prepare and
988 submit for approval by the Financial Services Commission and
989 Legislative Budget Commission a report detailing the
990 corporation's business plan for issuing multiperil coverage in
991 the high-risk account. The business plan shall be approved or
992 disapproved within 30 days after receipt, as submitted or
993 modified and resubmitted by the corporation. The business plan
994 must include: the impact of such multiperil coverage on the
995 corporation's financial resources, the impact of such multiperil
996 coverage on the corporation's tax-exempt status, the manner in
997 which the corporation plans to implement the processing of
998 applications and policy forms for new and existing
999 policyholders, the impact of such multiperil coverage on the
1000 corporation's ability to deliver customer service at the high
1001 level required by this subsection, the ability of the
1002 corporation to process claims, the ability of the corporation to
1003 quote and issue policies, the impact of such multiperil coverage
1004 on the corporation's agents, the impact of such multiperil
1005 coverage on the corporation's existing policyholders, and the
1006 impact of such multiperil coverage on rates and premium. The
1007 high-risk account must also include quota share primary
1008 insurance under subparagraph (c)2. The area eligible for

1009 coverage under the high-risk account also includes the area
1010 within Port Canaveral, which is bordered on the south by the
1011 City of Cape Canaveral, bordered on the west by the Banana
1012 River, and bordered on the north by Federal Government property.

1013 b. The three separate accounts must be maintained as long
1014 as financing obligations entered into by the Florida Windstorm
1015 Underwriting Association or Residential Property and Casualty
1016 Joint Underwriting Association are outstanding, in accordance
1017 with the terms of the corresponding financing documents. When
1018 the financing obligations are no longer outstanding, in
1019 accordance with the terms of the corresponding financing
1020 documents, the corporation may use a single account for all
1021 revenues, assets, liabilities, losses, and expenses of the
1022 corporation. Consistent with the requirement of this
1023 subparagraph and prudent investment policies that minimize the
1024 cost of carrying debt, the board shall exercise its best efforts
1025 to retire existing debt or to obtain approval of necessary
1026 parties to amend the terms of existing debt, so as to structure
1027 the most efficient plan to consolidate the three separate
1028 accounts into a single account. By February 1, 2007, the board
1029 shall submit a report to the Financial Services Commission, the
1030 President of the Senate, and the Speaker of the House of
1031 Representatives which includes an analysis of consolidating the
1032 accounts, the actions the board has taken to minimize the cost
1033 of carrying debt, and its recommendations for executing the most
1034 efficient plan.

1035 c. Creditors of the Residential Property and Casualty
1036 Joint Underwriting Association shall have a claim against, and

1037 recourse to, the accounts referred to in sub-sub-subparagraphs
1038 a.(I) and (II) and shall have no claim against, or recourse to,
1039 the account referred to in sub-sub-subparagraph a.(III).

1040 Creditors of the Florida Windstorm Underwriting Association
1041 shall have a claim against, and recourse to, the account
1042 referred to in sub-sub-subparagraph a.(III) and shall have no
1043 claim against, or recourse to, the accounts referred to in sub-
1044 sub-subparagraphs a.(I) and (II).

1045 d. Revenues, assets, liabilities, losses, and expenses not
1046 attributable to particular accounts shall be prorated among the
1047 accounts.

1048 e. The Legislature finds that the revenues of the
1049 corporation are revenues that are necessary to meet the
1050 requirements set forth in documents authorizing the issuance of
1051 bonds under this subsection.

1052 f. No part of the income of the corporation may inure to
1053 the benefit of any private person.

1054 3. With respect to a deficit in an account:

1055 a. When the deficit incurred in a particular calendar year
1056 is not greater than 10 percent of the aggregate statewide direct
1057 written premium for the subject lines of business for the prior
1058 calendar year, the entire deficit shall be recovered through
1059 regular assessments of assessable insurers under paragraph (p)
1060 and assessable insureds.

1061 b. When the deficit incurred in a particular calendar year
1062 exceeds 10 percent of the aggregate statewide direct written
1063 premium for the subject lines of business for the prior calendar
1064 year, the corporation shall levy regular assessments on

1065 assessable insurers under paragraph (p) and on assessable
1066 insureds in an amount equal to the greater of 10 percent of the
1067 deficit or 10 percent of the aggregate statewide direct written
1068 premium for the subject lines of business for the prior calendar
1069 year. Any remaining deficit shall be recovered through emergency
1070 assessments under sub-subparagraph d.

1071 c. Each assessable insurer's share of the amount being
1072 assessed under sub-subparagraph a. or sub-subparagraph b. shall
1073 be in the proportion that the assessable insurer's direct
1074 written premium for the subject lines of business for the year
1075 preceding the assessment bears to the aggregate statewide direct
1076 written premium for the subject lines of business for that year.
1077 The assessment percentage applicable to each assessable insured
1078 is the ratio of the amount being assessed under sub-subparagraph
1079 a. or sub-subparagraph b. to the aggregate statewide direct
1080 written premium for the subject lines of business for the prior
1081 year. Assessments levied by the corporation on assessable
1082 insurers under sub-subparagraphs a. and b. shall be paid as
1083 required by the corporation's plan of operation and paragraph
1084 (p). Notwithstanding any other provision of this subsection, the
1085 aggregate amount of a regular assessment for a deficit incurred
1086 in a particular calendar year shall be reduced by the estimated
1087 amount to be received by the corporation from the Citizens
1088 policyholder surcharge under subparagraph (c) 10.11 and the
1089 amount collected or estimated to be collected from the
1090 assessment on Citizens policyholders pursuant to sub-
1091 subparagraph i. Assessments levied by the corporation on
1092 assessable insureds under sub-subparagraphs a. and b. shall be

1093 collected by the surplus lines agent at the time the surplus
 1094 lines agent collects the surplus lines tax required by s.
 1095 626.932 and shall be paid to the Florida Surplus Lines Service
 1096 Office at the time the surplus lines agent pays the surplus
 1097 lines tax to the Florida Surplus Lines Service Office. Upon
 1098 receipt of regular assessments from surplus lines agents, the
 1099 Florida Surplus Lines Service Office shall transfer the
 1100 assessments directly to the corporation as determined by the
 1101 corporation.

1102 d. Upon a determination by the board of governors that a
 1103 deficit in an account exceeds the amount that will be recovered
 1104 through regular assessments under sub-subparagraph a. or sub-
 1105 subparagraph b., the board shall levy, after verification by the
 1106 office, emergency assessments, for as many years as necessary to
 1107 cover the deficits, to be collected by assessable insurers and
 1108 the corporation and collected from assessable insureds upon
 1109 issuance or renewal of policies for subject lines of business,
 1110 excluding National Flood Insurance policies. The amount of the
 1111 emergency assessment collected in a particular year shall be a
 1112 uniform percentage of that year's direct written premium for
 1113 subject lines of business and all accounts of the corporation,
 1114 excluding National Flood Insurance Program policy premiums, as
 1115 annually determined by the board and verified by the office. The
 1116 office shall verify the arithmetic calculations involved in the
 1117 board's determination within 30 days after receipt of the
 1118 information on which the determination was based.

1119 Notwithstanding any other provision of law, the corporation and
 1120 each assessable insurer that writes subject lines of business

1121 shall collect emergency assessments from its policyholders
1122 without such obligation being affected by any credit,
1123 limitation, exemption, or deferment. Emergency assessments
1124 levied by the corporation on assessable insureds shall be
1125 collected by the surplus lines agent at the time the surplus
1126 lines agent collects the surplus lines tax required by s.
1127 626.932 and shall be paid to the Florida Surplus Lines Service
1128 Office at the time the surplus lines agent pays the surplus
1129 lines tax to the Florida Surplus Lines Service Office. The
1130 emergency assessments so collected shall be transferred directly
1131 to the corporation on a periodic basis as determined by the
1132 corporation and shall be held by the corporation solely in the
1133 applicable account. The aggregate amount of emergency
1134 assessments levied for an account under this sub-subparagraph in
1135 any calendar year may not exceed the greater of 10 percent of
1136 the amount needed to cover the original deficit, plus interest,
1137 fees, commissions, required reserves, and other costs associated
1138 with financing of the original deficit, or 10 percent of the
1139 aggregate statewide direct written premium for subject lines of
1140 business and for all accounts of the corporation for the prior
1141 year, plus interest, fees, commissions, required reserves, and
1142 other costs associated with financing the original deficit.

1143 e. The corporation may pledge the proceeds of assessments,
1144 projected recoveries from the Florida Hurricane Catastrophe
1145 Fund, other insurance and reinsurance recoverables, policyholder
1146 surcharges and other surcharges, and other funds available to
1147 the corporation as the source of revenue for and to secure bonds
1148 issued under paragraph (p), bonds or other indebtedness issued

1149 | under subparagraph (c)3., or lines of credit or other financing
1150 | mechanisms issued or created under this subsection, or to retire
1151 | any other debt incurred as a result of deficits or events giving
1152 | rise to deficits, or in any other way that the board determines
1153 | will efficiently recover such deficits. The purpose of the lines
1154 | of credit or other financing mechanisms is to provide additional
1155 | resources to assist the corporation in covering claims and
1156 | expenses attributable to a catastrophe. As used in this
1157 | subsection, the term "assessments" includes regular assessments
1158 | under sub-subparagraph a., sub-subparagraph b., or subparagraph
1159 | (p)1. and emergency assessments under sub-subparagraph d.
1160 | Emergency assessments collected under sub-subparagraph d. are
1161 | not part of an insurer's rates, are not premium, and are not
1162 | subject to premium tax, fees, or commissions; however, failure
1163 | to pay the emergency assessment shall be treated as failure to
1164 | pay premium. The emergency assessments under sub-subparagraph d.
1165 | shall continue as long as any bonds issued or other indebtedness
1166 | incurred with respect to a deficit for which the assessment was
1167 | imposed remain outstanding, unless adequate provision has been
1168 | made for the payment of such bonds or other indebtedness
1169 | pursuant to the documents governing such bonds or other
1170 | indebtedness.

1171 | f. As used in this subsection for purposes of any deficit
1172 | incurred on or after January 25, 2007, the term "subject lines
1173 | of business" means insurance written by assessable insurers or
1174 | procured by assessable insureds for all property and casualty
1175 | lines of business in this state, but not including workers'
1176 | compensation or medical malpractice. As used in the sub-

1177 subparagraph, the term "property and casualty lines of business"
1178 includes all lines of business identified on Form 2, Exhibit of
1179 Premiums and Losses, in the annual statement required of
1180 authorized insurers by s. 624.424 and any rule adopted under
1181 this section, except for those lines identified as accident and
1182 health insurance and except for policies written under the
1183 National Flood Insurance Program or the Federal Crop Insurance
1184 Program. For purposes of this sub-subparagraph, the term
1185 "workers' compensation" includes both workers' compensation
1186 insurance and excess workers' compensation insurance.

1187 g. The Florida Surplus Lines Service Office shall
1188 determine annually the aggregate statewide written premium in
1189 subject lines of business procured by assessable insureds and
1190 shall report that information to the corporation in a form and
1191 at a time the corporation specifies to ensure that the
1192 corporation can meet the requirements of this subsection and the
1193 corporation's financing obligations.

1194 h. The Florida Surplus Lines Service Office shall verify
1195 the proper application by surplus lines agents of assessment
1196 percentages for regular assessments and emergency assessments
1197 levied under this subparagraph on assessable insureds and shall
1198 assist the corporation in ensuring the accurate, timely
1199 collection and payment of assessments by surplus lines agents as
1200 required by the corporation.

1201 i. If a deficit is incurred in any account in 2008 or
1202 thereafter, the board of governors shall levy an immediate
1203 assessment against the premium of each nonhomestead property
1204 policyholder in all accounts of the corporation, as a uniform

1205 percentage of the premium of the policy of up to 10 percent of
1206 such premium, which funds shall be used to offset the deficit.
1207 If this assessment is insufficient to eliminate the deficit, the
1208 board of governors shall levy an additional assessment against
1209 all policyholders of the corporation, which shall be collected
1210 at the time of issuance or renewal of a policy, as a uniform
1211 percentage of the premium for the policy of up to 10 percent of
1212 such premium, which funds shall be used to further offset the
1213 deficit.

1214 j. The board of governors shall maintain separate
1215 accounting records that consolidate data for nonhomestead
1216 properties, including, but not limited to, number of policies,
1217 insured values, premiums written, and losses. The board of
1218 governors shall annually report to the office and the
1219 Legislature a summary of such data.

1220 (c) The plan of operation of the corporation:

1221 1. Must provide for adoption of residential property and
1222 casualty insurance policy forms and commercial residential and
1223 nonresidential property insurance forms, which forms must be
1224 approved by the office prior to use. The corporation shall adopt
1225 the following policy forms:

1226 a. Standard personal lines policy forms that are
1227 comprehensive multiperil policies providing full coverage of a
1228 residential property equivalent to the coverage provided in the
1229 private insurance market under an HO-3, HO-4, or HO-6 policy.

1230 b. Basic personal lines policy forms that are policies
1231 similar to an HO-8 policy or a dwelling fire policy that provide
1232 coverage meeting the requirements of the secondary mortgage

1233 market, but which coverage is more limited than the coverage
 1234 under a standard policy.

1235 c. Commercial lines residential and nonresidential policy
 1236 forms that are generally similar to the basic perils of full
 1237 coverage obtainable for commercial residential structures and
 1238 commercial nonresidential structures in the admitted voluntary
 1239 market.

1240 d. Personal lines and commercial lines residential
 1241 property insurance forms that cover the peril of wind only. The
 1242 forms are applicable only to residential properties located in
 1243 areas eligible for coverage under the high-risk account referred
 1244 to in sub-subparagraph (b)2.a.

1245 e. Commercial lines nonresidential property insurance
 1246 forms that cover the peril of wind only. The forms are
 1247 applicable only to nonresidential properties located in areas
 1248 eligible for coverage under the high-risk account referred to in
 1249 sub-subparagraph (b)2.a.

1250 f. The corporation may adopt variations of the policy
 1251 forms listed in sub-subparagraphs a.-e. that contain more
 1252 restrictive coverage.

1253 2.a. Must provide that the corporation adopt a program in
 1254 which the corporation and authorized insurers enter into quota
 1255 share primary insurance agreements for hurricane coverage, as
 1256 defined in s. 627.4025(2)(a), for eligible risks, and adopt
 1257 property insurance forms for eligible risks which cover the
 1258 peril of wind only. As used in this subsection, the term:

1259 (I) "Quota share primary insurance" means an arrangement
 1260 in which the primary hurricane coverage of an eligible risk is

1261 provided in specified percentages by the corporation and an
1262 authorized insurer. The corporation and authorized insurer are
1263 each solely responsible for a specified percentage of hurricane
1264 coverage of an eligible risk as set forth in a quota share
1265 primary insurance agreement between the corporation and an
1266 authorized insurer and the insurance contract. The
1267 responsibility of the corporation or authorized insurer to pay
1268 its specified percentage of hurricane losses of an eligible
1269 risk, as set forth in the quota share primary insurance
1270 agreement, may not be altered by the inability of the other
1271 party to the agreement to pay its specified percentage of
1272 hurricane losses. Eligible risks that are provided hurricane
1273 coverage through a quota share primary insurance arrangement
1274 must be provided policy forms that set forth the obligations of
1275 the corporation and authorized insurer under the arrangement,
1276 clearly specify the percentages of quota share primary insurance
1277 provided by the corporation and authorized insurer, and
1278 conspicuously and clearly state that neither the authorized
1279 insurer nor the corporation may be held responsible beyond its
1280 specified percentage of coverage of hurricane losses.

1281 (II) "Eligible risks" means personal lines residential and
1282 commercial lines residential risks that meet the underwriting
1283 criteria of the corporation and are located in areas that were
1284 eligible for coverage by the Florida Windstorm Underwriting
1285 Association on January 1, 2002.

1286 b. The corporation may enter into quota share primary
1287 insurance agreements with authorized insurers at corporation
1288 coverage levels of 90 percent and 50 percent.

1289 c. If the corporation determines that additional coverage
1290 levels are necessary to maximize participation in quota share
1291 primary insurance agreements by authorized insurers, the
1292 corporation may establish additional coverage levels. However,
1293 the corporation's quota share primary insurance coverage level
1294 may not exceed 90 percent.

1295 d. Any quota share primary insurance agreement entered
1296 into between an authorized insurer and the corporation must
1297 provide for a uniform specified percentage of coverage of
1298 hurricane losses, by county or territory as set forth by the
1299 corporation board, for all eligible risks of the authorized
1300 insurer covered under the quota share primary insurance
1301 agreement.

1302 e. Any quota share primary insurance agreement entered
1303 into between an authorized insurer and the corporation is
1304 subject to review and approval by the office. However, such
1305 agreement shall be authorized only as to insurance contracts
1306 entered into between an authorized insurer and an insured who is
1307 already insured by the corporation for wind coverage.

1308 f. For all eligible risks covered under quota share
1309 primary insurance agreements, the exposure and coverage levels
1310 for both the corporation and authorized insurers shall be
1311 reported by the corporation to the Florida Hurricane Catastrophe
1312 Fund. For all policies of eligible risks covered under quota
1313 share primary insurance agreements, the corporation and the
1314 authorized insurer shall maintain complete and accurate records
1315 for the purpose of exposure and loss reimbursement audits as
1316 required by Florida Hurricane Catastrophe Fund rules. The

1317 corporation and the authorized insurer shall each maintain
1318 duplicate copies of policy declaration pages and supporting
1319 claims documents.

1320 g. The corporation board shall establish in its plan of
1321 operation standards for quota share agreements which ensure that
1322 there is no discriminatory application among insurers as to the
1323 terms of quota share agreements, pricing of quota share
1324 agreements, incentive provisions if any, and consideration paid
1325 for servicing policies or adjusting claims.

1326 h. The quota share primary insurance agreement between the
1327 corporation and an authorized insurer must set forth the
1328 specific terms under which coverage is provided, including, but
1329 not limited to, the sale and servicing of policies issued under
1330 the agreement by the insurance agent of the authorized insurer
1331 producing the business, the reporting of information concerning
1332 eligible risks, the payment of premium to the corporation, and
1333 arrangements for the adjustment and payment of hurricane claims
1334 incurred on eligible risks by the claims adjuster and personnel
1335 of the authorized insurer. Entering into a quota sharing
1336 insurance agreement between the corporation and an authorized
1337 insurer shall be voluntary and at the discretion of the
1338 authorized insurer.

1339 3. May provide that the corporation may employ or
1340 otherwise contract with individuals or other entities to provide
1341 administrative or professional services that may be appropriate
1342 to effectuate the plan. The corporation shall have the power to
1343 borrow funds, by issuing bonds or by incurring other
1344 indebtedness, and shall have other powers reasonably necessary

1345 to effectuate the requirements of this subsection, including,
1346 without limitation, the power to issue bonds and incur other
1347 indebtedness in order to refinance outstanding bonds or other
1348 indebtedness. The corporation may, but is not required to, seek
1349 judicial validation of its bonds or other indebtedness under
1350 chapter 75. The corporation may issue bonds or incur other
1351 indebtedness, or have bonds issued on its behalf by a unit of
1352 local government pursuant to subparagraph (g)2., in the absence
1353 of a hurricane or other weather-related event, upon a
1354 determination by the corporation, subject to approval by the
1355 office, that such action would enable it to efficiently meet the
1356 financial obligations of the corporation and that such
1357 financings are reasonably necessary to effectuate the
1358 requirements of this subsection. The corporation is authorized
1359 to take all actions needed to facilitate tax-free status for any
1360 such bonds or indebtedness, including formation of trusts or
1361 other affiliated entities. The corporation shall have the
1362 authority to pledge assessments, projected recoveries from the
1363 Florida Hurricane Catastrophe Fund, other reinsurance
1364 recoverables, market equalization and other surcharges, and
1365 other funds available to the corporation as security for bonds
1366 or other indebtedness. In recognition of s. 10, Art. I of the
1367 State Constitution, prohibiting the impairment of obligations of
1368 contracts, it is the intent of the Legislature that no action be
1369 taken whose purpose is to impair any bond indenture or financing
1370 agreement or any revenue source committed by contract to such
1371 bond or other indebtedness.

1372 4.a. Must require that the corporation operate subject to

1373 the supervision and approval of a board of governors consisting
1374 of eight individuals who are residents of this state, from
1375 different geographical areas of this state. The Governor, the
1376 Chief Financial Officer, the President of the Senate, and the
1377 Speaker of the House of Representatives shall each appoint two
1378 members of the board. At least one of the two members appointed
1379 by each appointing officer must have demonstrated expertise in
1380 insurance. The Chief Financial Officer shall designate one of
1381 the appointees as chair. All board members serve at the pleasure
1382 of the appointing officer. All members of the board of governors
1383 are subject to removal at will by the officers who appointed
1384 them. All board members, including the chair, must be appointed
1385 to serve for 3-year terms beginning annually on a date
1386 designated by the plan. Any board vacancy shall be filled for
1387 the unexpired term by the appointing officer. The Chief
1388 Financial Officer shall appoint a technical advisory group to
1389 provide information and advice to the board of governors in
1390 connection with the board's duties under this subsection. The
1391 executive director and senior managers of the corporation shall
1392 be engaged by the board and serve at the pleasure of the board.
1393 Any executive director appointed on or after July 1, 2006, is
1394 subject to confirmation by the Senate. The executive director is
1395 responsible for employing other staff as the corporation may
1396 require, subject to review and concurrence by the board.

1397 b. The board shall create a Market Accountability Advisory
1398 Committee to assist the corporation in developing awareness of
1399 its rates and its customer and agent service levels in
1400 relationship to the voluntary market insurers writing similar

1401 coverage. The members of the advisory committee shall consist of
 1402 the following 11 persons, one of whom must be elected chair by
 1403 the members of the committee: four representatives, one
 1404 appointed by the Florida Association of Insurance Agents, one by
 1405 the Florida Association of Insurance and Financial Advisors, one
 1406 by the Professional Insurance Agents of Florida, and one by the
 1407 Latin American Association of Insurance Agencies; three
 1408 representatives appointed by the insurers with the three highest
 1409 voluntary market share of residential property insurance
 1410 business in the state; one representative from the Office of
 1411 Insurance Regulation; one consumer appointed by the board who is
 1412 insured by the corporation at the time of appointment to the
 1413 committee; one representative appointed by the Florida
 1414 Association of Realtors; and one representative appointed by the
 1415 Florida Bankers Association. All members must serve for 3-year
 1416 terms and may serve for consecutive terms. The committee shall
 1417 report to the corporation at each board meeting on insurance
 1418 market issues which may include rates and rate competition with
 1419 the voluntary market; service, including policy issuance, claims
 1420 processing, and general responsiveness to policyholders,
 1421 applicants, and agents; and matters relating to depopulation.

1422 5. Must provide a procedure for determining the
 1423 eligibility of a risk for coverage, as follows:

1424 a. Subject to the provisions of s. 627.3517, with respect
 1425 to personal lines residential risks, if the risk is offered
 1426 coverage from an authorized insurer at the insurer's approved
 1427 rate under either a standard policy including wind coverage or,
 1428 if consistent with the insurer's underwriting rules as filed

1429 | with the office, a basic policy including wind coverage, for a
1430 | new application to the corporation for coverage, the risk is not
1431 | eligible for any policy issued by the corporation unless the
1432 | premium for coverage from the authorized insurer is more than 25
1433 | percent greater than the premium for comparable coverage from
1434 | the corporation. If the risk is not able to obtain any such
1435 | offer, the risk is eligible for either a standard policy
1436 | including wind coverage or a basic policy including wind
1437 | coverage issued by the corporation; however, if the risk could
1438 | not be insured under a standard policy including wind coverage
1439 | regardless of market conditions, the risk shall be eligible for
1440 | a basic policy including wind coverage unless rejected under
1441 | subparagraph 8. However, with regard to a policyholder of the
1442 | corporation or a policyholder removed from the corporation
1443 | through an assumption agreement until the end of the assumption
1444 | period, the policyholder remains eligible for coverage from the
1445 | corporation regardless of any offer of coverage from an
1446 | authorized insurer or surplus lines insurer. The corporation
1447 | shall determine the type of policy to be provided on the basis
1448 | of objective standards specified in the underwriting manual and
1449 | based on generally accepted underwriting practices.

1450 | (I) If the risk accepts an offer of coverage through the
1451 | market assistance plan or an offer of coverage through a
1452 | mechanism established by the corporation before a policy is
1453 | issued to the risk by the corporation or during the first 30
1454 | days of coverage by the corporation, and the producing agent who
1455 | submitted the application to the plan or to the corporation is
1456 | not currently appointed by the insurer, the insurer shall:

1457 (A) Pay to the producing agent of record of the policy,
 1458 for the first year, an amount that is the greater of the
 1459 insurer's usual and customary commission for the type of policy
 1460 written or a fee equal to the usual and customary commission of
 1461 the corporation; or

1462 (B) Offer to allow the producing agent of record of the
 1463 policy to continue servicing the policy for a period of not less
 1464 than 1 year and offer to pay the agent the greater of the
 1465 insurer's or the corporation's usual and customary commission
 1466 for the type of policy written.

1467
 1468 If the producing agent is unwilling or unable to accept
 1469 appointment, the new insurer shall pay the agent in accordance
 1470 with sub-sub-sub-subparagraph (A).

1471 (II) When the corporation enters into a contractual
 1472 agreement for a take-out plan, the producing agent of record of
 1473 the corporation policy is entitled to retain any unearned
 1474 commission on the policy, and the insurer shall:

1475 (A) Pay to the producing agent of record of the
 1476 corporation policy, for the first year, an amount that is the
 1477 greater of the insurer's usual and customary commission for the
 1478 type of policy written or a fee equal to the usual and customary
 1479 commission of the corporation; or

1480 (B) Offer to allow the producing agent of record of the
 1481 corporation policy to continue servicing the policy for a period
 1482 of not less than 1 year and offer to pay the agent the greater
 1483 of the insurer's or the corporation's usual and customary
 1484 commission for the type of policy written.

1485
 1486 If the producing agent is unwilling or unable to accept
 1487 appointment, the new insurer shall pay the agent in accordance
 1488 with sub-sub-sub-subparagraph (A).

1489 b. With respect to commercial lines residential risks, for
 1490 a new application to the corporation for coverage, if the risk
 1491 is offered coverage under a policy including wind coverage from
 1492 an authorized insurer at its approved rate, the risk is not
 1493 eligible for any policy issued by the corporation unless the
 1494 premium for coverage from the authorized insurer is more than 25
 1495 percent greater than the premium for comparable coverage from
 1496 the corporation. If the risk is not able to obtain any such
 1497 offer, the risk is eligible for a policy including wind coverage
 1498 issued by the corporation. However, with regard to a
 1499 policyholder of the corporation or a policyholder removed from
 1500 the corporation through an assumption agreement until the end of
 1501 the assumption period, the policyholder remains eligible for
 1502 coverage from the corporation regardless of any offer of
 1503 coverage from an authorized insurer or surplus lines insurer.

1504 (I) If the risk accepts an offer of coverage through the
 1505 market assistance plan or an offer of coverage through a
 1506 mechanism established by the corporation before a policy is
 1507 issued to the risk by the corporation or during the first 30
 1508 days of coverage by the corporation, and the producing agent who
 1509 submitted the application to the plan or the corporation is not
 1510 currently appointed by the insurer, the insurer shall:

1511 (A) Pay to the producing agent of record of the policy,
 1512 for the first year, an amount that is the greater of the

1513 insurer's usual and customary commission for the type of policy
 1514 written or a fee equal to the usual and customary commission of
 1515 the corporation; or

1516 (B) Offer to allow the producing agent of record of the
 1517 policy to continue servicing the policy for a period of not less
 1518 than 1 year and offer to pay the agent the greater of the
 1519 insurer's or the corporation's usual and customary commission
 1520 for the type of policy written.

1521
 1522 If the producing agent is unwilling or unable to accept
 1523 appointment, the new insurer shall pay the agent in accordance
 1524 with sub-sub-sub-subparagraph (A).

1525 (II) When the corporation enters into a contractual
 1526 agreement for a take-out plan, the producing agent of record of
 1527 the corporation policy is entitled to retain any unearned
 1528 commission on the policy, and the insurer shall:

1529 (A) Pay to the producing agent of record of the
 1530 corporation policy, for the first year, an amount that is the
 1531 greater of the insurer's usual and customary commission for the
 1532 type of policy written or a fee equal to the usual and customary
 1533 commission of the corporation; or

1534 (B) Offer to allow the producing agent of record of the
 1535 corporation policy to continue servicing the policy for a period
 1536 of not less than 1 year and offer to pay the agent the greater
 1537 of the insurer's or the corporation's usual and customary
 1538 commission for the type of policy written.

1539
 1540 If the producing agent is unwilling or unable to accept

1541 appointment, the new insurer shall pay the agent in accordance
1542 with sub-sub-sub-subparagraph (A).

1543 c. For purposes of determining comparable coverage under
1544 sub-subparagraphs a. and b., the comparison shall be based on
1545 those forms and coverages that are reasonably comparable. The
1546 corporation may rely on a determination of comparable coverage
1547 and premium made by the producing agent who submits the
1548 application to the corporation, made in the agent's capacity as
1549 the corporation's agent. A comparison may be made solely of the
1550 premium with respect to the main building or structure only on
1551 the following basis: the same coverage A or other building
1552 limits; the same percentage hurricane deductible that applies on
1553 an annual basis or that applies to each hurricane for commercial
1554 residential property; the same percentage of ordinance and law
1555 coverage, if the same limit is offered by both the corporation
1556 and the authorized insurer; the same mitigation credits, to the
1557 extent the same types of credits are offered both by the
1558 corporation and the authorized insurer; the same method for loss
1559 payment, such as replacement cost or actual cash value, if the
1560 same method is offered both by the corporation and the
1561 authorized insurer in accordance with underwriting rules; and
1562 any other form or coverage that is reasonably comparable as
1563 determined by the board. If an application is submitted to the
1564 corporation for wind-only coverage in the high-risk account, the
1565 premium for the corporation's wind-only policy plus the premium
1566 for the ex-wind policy that is offered by an authorized insurer
1567 to the applicant shall be compared to the premium for multiperil
1568 coverage offered by an authorized insurer, subject to the

1569 standards for comparison specified in this subparagraph. If the
1570 corporation or the applicant requests from the authorized
1571 insurer a breakdown of the premium of the offer by types of
1572 coverage so that a comparison may be made by the corporation or
1573 its agent and the authorized insurer refuses or is unable to
1574 provide such information, the corporation may treat the offer as
1575 not being an offer of coverage from an authorized insurer at the
1576 insurer's approved rate.

1577 ~~6. Must provide by July 1, 2007, that an application for~~
1578 ~~coverage for a new policy is subject to a waiting period of 10~~
1579 ~~days before coverage is effective, during which time the~~
1580 ~~corporation shall make such application available for review by~~
1581 ~~general lines agents and authorized property and casualty~~
1582 ~~insurers. The board shall approve an exception that allows for~~
1583 ~~coverage to be effective before the end of the 10 day waiting~~
1584 ~~period, for coverage issued in conjunction with a real estate~~
1585 ~~closing. The board may approve such other exceptions as the~~
1586 ~~board determines are necessary to prevent lapses in coverage.~~

1587 ~~6.7. Must include rules for classifications of risks and~~
1588 ~~rates therefor.~~

1589 ~~7.8. Must provide that if premium and investment income~~
1590 ~~for an account attributable to a particular calendar year are in~~
1591 ~~excess of projected losses and expenses for the account~~
1592 ~~attributable to that year, such excess shall be held in surplus~~
1593 ~~in the account. Such surplus shall be available to defray~~
1594 ~~deficits in that account as to future years and shall be used~~
1595 ~~for that purpose prior to assessing assessable insurers and~~
1596 ~~assessable insureds as to any calendar year.~~

1597 ~~8.9.~~ Must provide objective criteria and procedures to be
 1598 uniformly applied for all applicants in determining whether an
 1599 individual risk is so hazardous as to be uninsurable. In making
 1600 this determination and in establishing the criteria and
 1601 procedures, the following shall be considered:

1602 a. Whether the likelihood of a loss for the individual
 1603 risk is substantially higher than for other risks of the same
 1604 class; and

1605 b. Whether the uncertainty associated with the individual
 1606 risk is such that an appropriate premium cannot be determined.

1607
 1608 The acceptance or rejection of a risk by the corporation shall
 1609 be construed as the private placement of insurance, and the
 1610 provisions of chapter 120 shall not apply.

1611 ~~9.10.~~ Must provide that the corporation shall make its
 1612 best efforts to procure catastrophe reinsurance at reasonable
 1613 rates, to cover its projected 100-year probable maximum loss as
 1614 determined by the board of governors.

1615 ~~10.11.~~ Must provide that in the event of regular deficit
 1616 assessments under sub-subparagraph (b)3.a. or sub-subparagraph
 1617 (b)3.b., in the personal lines account, the commercial lines
 1618 residential account, or the high-risk account, the corporation
 1619 shall levy upon corporation policyholders in its next rate
 1620 filing, or by a separate rate filing solely for this purpose, a
 1621 Citizens policyholder surcharge arising from a regular
 1622 assessment in such account in a percentage equal to the total
 1623 amount of such regular assessments divided by the aggregate
 1624 statewide direct written premium for subject lines of business

1625 for the prior calendar year. For purposes of calculating the
1626 Citizens policyholder surcharge to be levied under this
1627 subparagraph, the total amount of the regular assessment to
1628 which this surcharge is related shall be determined as set forth
1629 in subparagraph (b)3., without deducting the estimated Citizens
1630 policyholder surcharge. Citizens policyholder surcharges under
1631 this subparagraph are not considered premium and are not subject
1632 to commissions, fees, or premium taxes; however, failure to pay
1633 a market equalization surcharge shall be treated as failure to
1634 pay premium.

1635 ~~11.12.~~ The policies issued by the corporation must provide
1636 that, if the corporation or the market assistance plan obtains
1637 an offer from an authorized insurer to cover the risk at its
1638 approved rates, the risk is no longer eligible for renewal
1639 through the corporation, except as otherwise provided in this
1640 subsection.

1641 ~~12.13.~~ Corporation policies and applications must include
1642 a notice that the corporation policy could, under this section,
1643 be replaced with a policy issued by an authorized insurer that
1644 does not provide coverage identical to the coverage provided by
1645 the corporation. The notice shall also specify that acceptance
1646 of corporation coverage creates a conclusive presumption that
1647 the applicant or policyholder is aware of this potential.

1648 ~~13.14.~~ May establish, subject to approval by the office,
1649 different eligibility requirements and operational procedures
1650 for any line or type of coverage for any specified county or
1651 area if the board determines that such changes to the
1652 eligibility requirements and operational procedures are

1653 justified due to the voluntary market being sufficiently stable
1654 and competitive in such area or for such line or type of
1655 coverage and that consumers who, in good faith, are unable to
1656 obtain insurance through the voluntary market through ordinary
1657 methods would continue to have access to coverage from the
1658 corporation. When coverage is sought in connection with a real
1659 property transfer, such requirements and procedures shall not
1660 provide for an effective date of coverage later than the date of
1661 the closing of the transfer as established by the transferor,
1662 the transferee, and, if applicable, the lender.

1663 14.15. Must provide that, with respect to the high-risk
1664 account, any assessable insurer with a surplus as to
1665 policyholders of \$25 million or less writing 25 percent or more
1666 of its total countrywide property insurance premiums in this
1667 state may petition the office, within the first 90 days of each
1668 calendar year, to qualify as a limited apportionment company. A
1669 regular assessment levied by the corporation on a limited
1670 apportionment company for a deficit incurred by the corporation
1671 for the high-risk account in 2006 or thereafter may be paid to
1672 the corporation on a monthly basis as the assessments are
1673 collected by the limited apportionment company from its insureds
1674 pursuant to s. 627.3512, but the regular assessment must be paid
1675 in full within 12 months after being levied by the corporation.
1676 A limited apportionment company shall collect from its
1677 policyholders any emergency assessment imposed under sub-
1678 subparagraph (b)3.d. The plan shall provide that, if the office
1679 determines that any regular assessment will result in an
1680 impairment of the surplus of a limited apportionment company,

1681 the office may direct that all or part of such assessment be
 1682 deferred as provided in subparagraph (g)4. However, there shall
 1683 be no limitation or deferment of an emergency assessment to be
 1684 collected from policyholders under sub-subparagraph (b)3.d.

1685 ~~15.16.~~ Must provide that the corporation appoint as its
 1686 licensed agents only those agents who also hold an appointment
 1687 as defined in s. 626.015(3) with an insurer who at the time of
 1688 the agent's initial appointment by the corporation is authorized
 1689 to write and is actually writing personal lines residential
 1690 property coverage, commercial residential property coverage, or
 1691 commercial nonresidential property coverage within the state.

1692 ~~16.17.~~ Must provide, by July 1, 2007, a premium payment
 1693 plan option to its policyholders which allows at a minimum for
 1694 quarterly and semiannual payment of premiums. A monthly payment
 1695 plan may, but is not required to, be offered.

1696 ~~17.18.~~ Must provide, effective June 1, 2007, that the
 1697 corporation contract with each insurer providing the non-wind
 1698 coverage for risks insured by the corporation in the high-risk
 1699 account, requiring that the insurer provide claims adjusting
 1700 services for the wind coverage provided by the corporation for
 1701 such risks. An insurer is required to enter into this contract
 1702 as a condition of providing non-wind coverage for a risk that is
 1703 insured by the corporation in the high-risk account unless the
 1704 board finds, after a hearing, that the insurer is not capable of
 1705 providing adjusting services at an acceptable level of quality
 1706 to corporation policyholders. The terms and conditions of such
 1707 contracts must be substantially the same as the contracts that
 1708 the corporation executed with insurers under the "adjust-your-

1709 own" program in 2006, except as may be mutually agreed to by the
 1710 parties and except for such changes that the board determines
 1711 are necessary to ensure that claims are adjusted appropriately.
 1712 The corporation shall provide a process for neutral arbitration
 1713 of any dispute between the corporation and the insurer regarding
 1714 the terms of the contract. The corporation shall review and
 1715 monitor the performance of insurers under these contracts.

1716 ~~18.19.~~ Must limit coverage on mobile homes or manufactured
 1717 homes built prior to 1994 to actual cash value of the dwelling
 1718 rather than replacement costs of the dwelling.

1719 ~~19.20.~~ May provide such limits of coverage as the board
 1720 determines, consistent with the requirements of this subsection.

1721 ~~20.21.~~ May require commercial property to meet specified
 1722 hurricane mitigation construction features as a condition of
 1723 eligibility for coverage.

1724 (d)1. All prospective employees for senior management
 1725 positions, as defined by the plan of operation, are subject to
 1726 background checks as a prerequisite for employment. The office
 1727 shall conduct background checks on such prospective employees
 1728 pursuant to ss. 624.34, 624.404(3), and 628.261.

1729 2. On or before July 1 of each year, employees of the
 1730 corporation are required to sign and submit a statement
 1731 attesting that they do not have a conflict of interest, as
 1732 defined in part III of chapter 112. As a condition of
 1733 employment, all prospective employees are required to sign and
 1734 submit to the corporation a conflict-of-interest statement.

1735 3. Senior managers and members of the board of governors
 1736 are subject to the provisions of part III of chapter 112,

1737 including, but not limited to, the code of ethics and public
1738 disclosure and reporting of financial interests, pursuant to s.
1739 112.3145. For purposes of the filing requirements in s.
1740 112.3145, senior managers and board members are also required to
1741 file such disclosures with the Commission on Ethics and the
1742 Office of Insurance Regulation. The executive director of the
1743 corporation or his or her designee shall notify each newly
1744 appointed and existing appointed member of the board of
1745 governors and senior managers of their duty to comply with the
1746 reporting requirements of s. 112.3145 ~~part III of chapter 112~~.
1747 At least quarterly, the executive director or his or her
1748 designee shall submit to the Commission on Ethics a list of
1749 names of the senior managers and members of the board of
1750 governors who are subject to the public disclosure requirements
1751 under s. 112.3145.

1752 4. Notwithstanding s. 112.3148 or s. 112.3149, or any
1753 other provision of law, an employee or board member may not
1754 knowingly accept, directly or indirectly, any gift or
1755 expenditure from a person or entity, or an employee or
1756 representative of such person or entity, that has a contractual
1757 relationship with the corporation or who is under consideration
1758 for a contract. An employee or board member who fails to comply
1759 with subparagraph 3. ~~or this subparagraph~~ is subject to
1760 penalties provided under ss. 112.317 and 112.3173.

1761 5. Any senior manager of the corporation who is employed
1762 on or after January 1, 2007, regardless of the date of hire, who
1763 subsequently retires or terminates employment is prohibited from
1764 representing another person or entity before the corporation for

1765 2 years after retirement or termination of employment from the
 1766 corporation.

1767 6. Any senior manager ~~employee~~ of the corporation who is
 1768 employed on or after January 1, 2007, regardless of the date of
 1769 hire, who subsequently retires or terminates employment is
 1770 prohibited from having any employment or contractual
 1771 relationship for 2 years with an insurer that has entered into
 1772 ~~received~~ a take-out bonus agreement with ~~from~~ the corporation.

1773 (m)1. Rates for coverage provided by the corporation shall
 1774 be actuarially sound and subject to the requirements of s.
 1775 627.062, except as otherwise provided in this paragraph. The
 1776 corporation shall file its recommended rates with the office at
 1777 least annually. The corporation shall provide any additional
 1778 information regarding the rates which the office requires. The
 1779 office shall consider the recommendations of the board and issue
 1780 a final order establishing the rates for the corporation within
 1781 45 days after the recommended rates are filed. The corporation
 1782 may not pursue an administrative challenge or judicial review of
 1783 the final order of the office.

1784 2. In addition to the rates otherwise determined pursuant
 1785 to this paragraph, the corporation shall impose and collect an
 1786 amount equal to the premium tax provided for in s. 624.509 to
 1787 augment the financial resources of the corporation.

1788 3. After the public hurricane loss-projection model under
 1789 s. 627.06281 has been found to be accurate and reliable by the
 1790 Florida Commission on Hurricane Loss Projection Methodology,
 1791 that model shall serve as the minimum benchmark for determining
 1792 the windstorm portion of the corporation's rates. This

1793 subparagraph does not require or allow the corporation to adopt
 1794 rates lower than the rates otherwise required or allowed by this
 1795 paragraph.

1796 4. The rate filings for the corporation which were
 1797 approved by the office and which took effect January 1, 2007,
 1798 are rescinded, except for those rates that were lowered. As soon
 1799 as possible, the corporation shall begin using the lower rates
 1800 that were in effect on December 31, 2006, and shall provide
 1801 refunds to policyholders who have paid higher rates as a result
 1802 of that rate filing. The rates in effect on December 31, 2006,
 1803 shall remain in effect through at least December 31, 2007, ~~for~~
 1804 ~~the 2007 calendar year~~ except for any rate change that results
 1805 in a lower rate. The next rate change that may increase rates
 1806 shall be filed with the office by ~~take effect~~ January 1, 2008,
 1807 ~~pursuant to a new rate filing recommended by the corporation and~~
 1808 ~~established by the office,~~ subject to the requirements of this
 1809 paragraph.

1810 (n) If coverage in an account is deactivated pursuant to
 1811 paragraph (f), coverage through the corporation shall be
 1812 reactivated by order of the office only under one of the
 1813 following circumstances:

1814 1. If the market assistance plan receives a minimum of 100
 1815 applications for coverage within a 3-month period, or 200
 1816 applications for coverage within a 1-year period or less for
 1817 residential coverage, unless the market assistance plan provides
 1818 a quotation from admitted carriers at their filed rates for at
 1819 least 90 percent of such applicants. Any market assistance plan
 1820 application that is rejected because an individual risk is so

1821 hazardous as to be uninsurable using the criteria specified in
 1822 subparagraph (c) 7.8 shall not be included in the minimum
 1823 percentage calculation provided herein. In the event that there
 1824 is a legal or administrative challenge to a determination by the
 1825 office that the conditions of this subparagraph have been met
 1826 for eligibility for coverage in the corporation, any eligible
 1827 risk may obtain coverage during the pendency of such challenge.

1828 2. In response to a state of emergency declared by the
 1829 Governor under s. 252.36, the office may activate coverage by
 1830 order for the period of the emergency upon a finding by the
 1831 office that the emergency significantly affects the availability
 1832 of residential property insurance.

1833 (v) Notwithstanding any other provision of law:

1834 1. The pledge or sale of, the lien upon, and the security
 1835 interest in any rights, revenues, or other assets of the
 1836 corporation created or purported to be created pursuant to any
 1837 financing documents to secure any bonds or other indebtedness of
 1838 the corporation shall be and remain valid and enforceable,
 1839 notwithstanding the commencement of and during the continuation
 1840 of, and after, any rehabilitation, insolvency, liquidation,
 1841 bankruptcy, receivership, conservatorship, reorganization, or
 1842 similar proceeding against the corporation under the laws of
 1843 this state.

1844 2. No such proceeding shall relieve the corporation of its
 1845 obligation, or otherwise affect its ability to perform its
 1846 obligation, to continue to collect, or levy and collect,
 1847 assessments, market equalization or other surcharges under
 1848 subparagraph (c) 9.10, or any other rights, revenues, or other

1849 assets of the corporation pledged pursuant to any financing
1850 documents.

1851 3. Each such pledge or sale of, lien upon, and security
1852 interest in, including the priority of such pledge, lien, or
1853 security interest, any such assessments, market equalization or
1854 other surcharges, or other rights, revenues, or other assets
1855 which are collected, or levied and collected, after the
1856 commencement of and during the pendency of, or after, any such
1857 proceeding shall continue unaffected by such proceeding. As used
1858 in this subsection, the term "financing documents" means any
1859 agreement or agreements, instrument or instruments, or other
1860 document or documents now existing or hereafter created
1861 evidencing any bonds or other indebtedness of the corporation or
1862 pursuant to which any such bonds or other indebtedness has been
1863 or may be issued and pursuant to which any rights, revenues, or
1864 other assets of the corporation are pledged or sold to secure
1865 the repayment of such bonds or indebtedness, together with the
1866 payment of interest on such bonds or such indebtedness, or the
1867 payment of any other obligation or financial product, as defined
1868 in the plan of operation of the corporation related to such
1869 bonds or indebtedness.

1870 4. Any such pledge or sale of assessments, revenues,
1871 contract rights, or other rights or assets of the corporation
1872 shall constitute a lien and security interest, or sale, as the
1873 case may be, that is immediately effective and attaches to such
1874 assessments, revenues, or contract rights or other rights or
1875 assets, whether or not imposed or collected at the time the
1876 pledge or sale is made. Any such pledge or sale is effective,

1877 valid, binding, and enforceable against the corporation or other
1878 entity making such pledge or sale, and valid and binding against
1879 and superior to any competing claims or obligations owed to any
1880 other person or entity, including policyholders in this state,
1881 asserting rights in any such assessments, revenues, or contract
1882 rights or other rights or assets to the extent set forth in and
1883 in accordance with the terms of the pledge or sale contained in
1884 the applicable financing documents, whether or not any such
1885 person or entity has notice of such pledge or sale and without
1886 the need for any physical delivery, recordation, filing, or
1887 other action.

1888 5. As long as the corporation has any bonds outstanding,
1889 the corporation may not file a voluntary petition under chapter
1890 9 of the federal Bankruptcy Code or such corresponding chapter
1891 or sections as may be in effect, from time to time, and a public
1892 officer or any organization, entity, or other person may not
1893 authorize the corporation to be or become a debtor under chapter
1894 9 of the federal Bankruptcy Code or such corresponding chapter
1895 or sections as may be in effect, from time to time, during any
1896 such period.

1897 6. If ordered by a court of competent jurisdiction, the
1898 corporation may assume policies or otherwise provide coverage
1899 for policyholders of an insurer placed in liquidation under
1900 chapter 631, under such forms, rates, terms, and conditions as
1901 the corporation deems appropriate, subject to approval by the
1902 office.

1903 (ff) The office is authorized to establish a pilot program
1904 for the offering of optional sinkhole coverage in one or more

1905 counties or other territories of the corporation, to implement
 1906 the requirements of s. 627.706, as amended by section 30 of
 1907 chapter 2007-1, Laws of Florida. Under this pilot program, the
 1908 corporation is not required to issue a notice of nonrenewal to
 1909 exclude sinkhole coverage upon the renewal of existing policies,
 1910 but may instead exclude such coverage using a notice of coverage
 1911 change.

1912 Section 11. Subsection (4) of section 627.3511, Florida
 1913 Statutes, is amended to read:

1914 627.3511 Depopulation of Citizens Property Insurance
 1915 Corporation.--

1916 (4) AGENT BONUS.--When the corporation enters into a
 1917 contractual agreement for a take-out plan that provides a bonus
 1918 to the insurer, the producing agent of record of the corporation
 1919 policy is entitled to retain any unearned commission on such
 1920 policy, and the insurer shall either:

1921 (a) Pay to the producing agent of record of the
 1922 association policy, for the first year, an amount that is the
 1923 greater of the insurer's usual and customary commission for the
 1924 type of policy written or a fee equal to the usual and customary
 1925 commission of the corporation; or

1926 (b) Offer to allow the producing agent of record of the
 1927 corporation policy to continue servicing the policy for a period
 1928 of not less than 1 year and offer to pay the agent the greater
 1929 of the insurer's or the corporation's usual and customary
 1930 commission for the type of policy written.

1931
 1932 If the producing agent is unwilling or unable to accept

1933 appointment, the new insurer shall pay the agent in accordance
 1934 with paragraph (a). The requirement of this subsection that the
 1935 producing agent of record is entitled to retain the unearned
 1936 commission on an association policy does not apply to a policy
 1937 for which coverage has been provided in the association for 30
 1938 days or less or for which a cancellation notice has been issued
 1939 pursuant to s. 627.351(6)(c) ~~10.11~~ during the first 30 days of
 1940 coverage.

1941 Section 12. Paragraph (a) of subsection (3) of section
 1942 627.3515, Florida Statutes, as amended by chapter 2007-1, Laws
 1943 of Florida, is amended to read:

1944 627.3515 Market assistance plan; property and casualty
 1945 risks.--

1946 (3)(a) The plan and the corporation shall develop a
 1947 business plan and present it to the Financial Services
 1948 Commission for approval by September 1, 2007, to provide for the
 1949 implementation of an electronic database for the purpose of
 1950 confirming eligibility pursuant to s. 627.351(6). The business
 1951 plan may provide that authorized insurers or agents of
 1952 authorized insurers may submit to the plan or the corporation in
 1953 electronic form, as determined by the plan or the corporation,
 1954 information determined necessary by the plan or the corporation
 1955 to deny coverage to risks ineligible for coverage by the
 1956 corporation. Any authorized insurer submitting such information
 1957 that results in a risk being denied coverage by the corporation
 1958 is required to offer coverage to the risk at its approved rates,
 1959 for the coverage and premium quoted, for at least 1 year.

1960 Section 13. Section 627.3517, Florida Statutes, is amended

1961 to read:
 1962 627.3517 Consumer choice.--
 1963 ~~(1) Except as provided in subsection (2),~~ No provision of
 1964 s. 627.351, s. 627.3511, or s. 627.3515 shall be construed to
 1965 impair the right of any insurance risk apportionment plan
 1966 policyholder, upon receipt of any keepout or take-out offer, to
 1967 retain his or her current agent, so long as that agent is duly
 1968 licensed and appointed by the insurance risk apportionment plan
 1969 or otherwise authorized to place business with the insurance
 1970 risk apportionment plan. This right shall not be canceled,
 1971 suspended, impeded, abridged, or otherwise compromised by any
 1972 rule, plan of operation, or depopulation plan, whether through
 1973 keepout, take-out, midterm assumption, or any other means, of
 1974 any insurance risk apportionment plan or depopulation plan,
 1975 including, but not limited to, those described in s. 627.351, s.
 1976 627.3511, or s. 627.3515. The commission shall adopt any rules
 1977 necessary to cause any insurance risk apportionment plan or
 1978 market assistance plan under such sections to demonstrate that
 1979 the operations of the plan do not interfere with, promote, or
 1980 allow interference with the rights created under this section.
 1981 If the policyholder's current agent is unable or unwilling to be
 1982 appointed with the insurer making the take-out or keepout offer,
 1983 the policyholder shall not be disqualified from participation in
 1984 the appropriate insurance risk apportionment plan because of an
 1985 offer of coverage in the voluntary market. An offer of full
 1986 property insurance coverage by the insurer currently insuring
 1987 either the ex-wind or wind-only coverage on the policy to which
 1988 the offer applies shall not be considered a take-out or keepout

1989 offer. Any rule, plan of operation, or plan of depopulation,
 1990 through keepout, take-out, midterm assumption, or any other
 1991 means, of any property insurance risk apportionment plan under
 1992 s. 627.351(2) or (6) is subject to ss. 627.351(2)(b) and (6)(c)
 1993 and 627.351(4).

1994 ~~(2) This section does not apply during the first 10 days~~
 1995 ~~after a new application for coverage has been submitted to~~
 1996 ~~Citizens Property Insurance Corporation under s. 627.351(6),~~
 1997 ~~whether or not coverage is bound during this period.~~

1998 Section 14. Subsection (1) of section 627.4035, Florida
 1999 Statutes, as amended by chapter 2007-1, Laws of Florida, is
 2000 amended to read:

2001 627.4035 Cash payment of premiums; claims.--

2002 (1) The premiums for insurance contracts issued in this
 2003 state or covering risk located in this state shall be paid in
 2004 cash consisting of coins, currency, checks, or money orders or
 2005 by using a debit card, credit card, automatic electronic funds
 2006 transfer, or payroll deduction plan. By July 1, 2007, insurers
 2007 issuing personal lines residential and commercial property
 2008 policies shall provide a premium payment plan option to their
 2009 policyholders which allows for a minimum of quarterly and
 2010 semiannual payment of premiums. Insurers may, but are not
 2011 required to, offer monthly payment plans. Insurers issuing such
 2012 policies must submit their premium payment plan option to the
 2013 office for approval before use.

2014 Section 15. Subsection (7) is added to section 627.4133,
 2015 Florida Statutes, to read:

2016 627.4133 Notice of cancellation, nonrenewal, or renewal

2017 premium.--
 2018 (7) (a) Effective August 1, 2007, with respect to any
 2019 residential property insurance policy, every notice of renewal
 2020 premium must specify:

2021 1. The dollar amounts recouped for assessments by the
 2022 Florida Hurricane Catastrophe Fund, the Citizens Property
 2023 Insurance Corporation, and the Florida Insurance Guaranty
 2024 Association. The actual names of the entities must appear next
 2025 to the dollar amounts.

2026 2. The dollar amount of any premium increase that is due
 2027 to an approved rate increase and the dollar amount that is due
 2028 to coverage changes.

2029 (b) The Financial Services Commission may adopt rules
 2030 pursuant to ss. 120.536(1) and 120.54 to implement this
 2031 subsection.

2032 Section 16. Paragraphs (a) and (c) of subsection (3) and
 2033 paragraph (d) of subsection (4) of section 627.701, Florida
 2034 Statutes, as amended by chapter 2007-1, Laws of Florida, are
 2035 amended to read:

2036 627.701 Liability of insureds; coinsurance; deductibles.--

2037 (3) (a) Except as otherwise provided in this subsection,
 2038 prior to issuing a personal lines residential property insurance
 2039 policy, the insurer must offer alternative deductible amounts
 2040 applicable to hurricane losses equal to \$500, 2 percent, 5
 2041 percent, and 10 percent of the policy dwelling limits, unless
 2042 the specific percentage deductible is less than \$500. The
 2043 written notice of the offer shall specify the hurricane ~~or wind~~
 2044 deductible to be applied in the event that the applicant or

2045 policyholder fails to affirmatively choose a hurricane
 2046 deductible. The insurer must provide such policyholder with
 2047 notice of the availability of the deductible amounts specified
 2048 in this paragraph in a form approved by the office in
 2049 conjunction with each renewal of the policy. The failure to
 2050 provide such notice constitutes a violation of this code but
 2051 does not affect the coverage provided under the policy.

2052 (c) With respect to a policy covering a risk with dwelling
 2053 limits of at least \$100,000, but less than \$250,000, the insurer
 2054 may, in lieu of offering a policy with a \$500 hurricane ~~or wind~~
 2055 deductible as required by paragraph (a), offer a policy that the
 2056 insurer guarantees it will not nonrenew for reasons of reducing
 2057 hurricane loss for one renewal period and that contains up to a
 2058 2 percent hurricane ~~or wind~~ deductible as required by paragraph
 2059 (a).

2060 (4)

2061 (d)1. A personal lines residential property insurance
 2062 policy covering a risk valued at less than \$500,000 may not have
 2063 a hurricane deductible in excess of 10 percent of the policy
 2064 dwelling limits, unless the following conditions are met:

2065 a. The policyholder must personally write and provide to
 2066 the insurer the following statement in his or her own
 2067 handwriting and sign his or her name, which must also be signed
 2068 by every other named insured on the policy, and dated: "I do not
 2069 want the insurance on my home to pay for the first (specify
 2070 dollar value) of damage from hurricanes. I will pay those costs.
 2071 My insurance will not."

2072 b. If the structure insured by the policy is subject to a

2073 mortgage or lien, the policyholder must provide the insurer with
 2074 a written statement from the mortgageholder or lienholder
 2075 indicating that the mortgageholder or lienholder approves the
 2076 policyholder electing to have the specified deductible.

2077 2. A deductible subject to the requirements of this
 2078 paragraph applies for the term of the policy and for each
 2079 renewal thereafter ~~unless the policyholder elects otherwise.~~
 2080 Changes to the deductible percentage may be implemented only as
 2081 of the date of renewal.

2082 3. An insurer shall keep the original copy of the signed
 2083 statement required by this paragraph, electronically or
 2084 otherwise, and provide a copy to the policyholder providing the
 2085 signed statement. A signed statement meeting the requirements of
 2086 this paragraph creates a presumption that there was an informed,
 2087 knowing election of coverage.

2088 4. The commission shall adopt rules providing appropriate
 2089 alternative methods for providing the statements required by
 2090 this section for policyholders who have a handicapping or
 2091 disabling condition that prevents them from providing a
 2092 handwritten statement.

2093 Section 17. Subsection (5) of section 627.70131, Florida
 2094 Statutes, as amended by chapter 2007-1, Laws of Florida, is
 2095 amended to read:

2096 627.70131 Insurer's duty to acknowledge communications
 2097 regarding claims; investigation.--

2098 (5) Within 90 days after an insurer receives notice of a
 2099 property insurance claim from a policyholder, the insurer shall
 2100 pay or deny such claim unless the failure to pay such claim is

2101 caused by factors beyond the control of the insurer which
 2102 reasonably prevent such payment. Within 90 days after an insurer
 2103 receives notice of loss of a commercial property insurance claim
 2104 from a policyholder, the insurer shall pay or deny such claim
 2105 unless the insurer provides specific reasons to the policyholder
 2106 why the claim cannot be paid within the 90-day period. Any
 2107 overdue payment of a claim shall bear interest at the rate as
 2108 set forth in s. 55.03. Interest on an overdue payment for a
 2109 claim begins to accrue from the date the insurer receives notice
 2110 of the claim. The interest is payable with the payment of the
 2111 claim. Interest paid may not be used in future rate filing as an
 2112 expense. The provisions of this subsection may not be waived,
 2113 voided, or nullified by contract. The exclusive remedy for a
 2114 violation of this subsection is a regulatory action under this
 2115 code. Failure to comply with this subsection constitutes a
 2116 violation of this code.

2117 Section 18. Subsections (2), (4), and (5) of section
 2118 627.712, Florida Statutes, as created by chapter 2007-1, Laws of
 2119 Florida, are amended to read:

2120 627.712 Residential hurricane coverage required;
 2121 availability of exclusions for windstorm or contents.--

2122 (1) An insurer issuing a residential property insurance
 2123 policy must provide hurricane or windstorm coverage as defined
 2124 in s. 627.4025. This subsection does not apply with respect to
 2125 risks that are eligible for wind-only coverage from Citizens
 2126 Property Insurance Corporation under s. 627.351(6).

2127 (2) A property ~~An insurer that is subject to subsection~~
 2128 ~~(1)~~ must make available, at the option of the policyholder, an

2129 exclusion of hurricane coverage or windstorm coverage as
 2130 provided within the applicable policy. The coverage may be
 2131 excluded only if:

2132 (a) 1. When the policyholder is a natural person, the
 2133 policyholder personally writes and provides to the insurer the
 2134 following statement in his or her own handwriting and signs his
 2135 or her name, which must also be signed by every other named
 2136 insured on the policy, and dated: "I do not want the insurance
 2137 on my (home/mobile home/condominium unit) to pay for damage from
 2138 windstorms or hurricanes. I will pay those costs. My insurance
 2139 will not."

2140 2. When the policyholder is other than a natural person,
 2141 the policyholder provides to the insurer on the policyholder's
 2142 letterhead the following statement that must be signed by the
 2143 policyholder's authorized representative and dated: "(Name of
 2144 entity) does not want the insurance on its (type of structure)
 2145 to pay for damage from windstorms or hurricanes. (Name of
 2146 entity) will be responsible for these costs. (Name of entity)'s
 2147 insurance will not."

2148 (b) If the structure insured by the policy is subject to a
 2149 mortgage or lien, the policyholder must provide the insurer with
 2150 a written statement from the mortgageholder or lienholder
 2151 indicating that the mortgageholder or lienholder approves the
 2152 policyholder electing to exclude windstorm coverage or hurricane
 2153 coverage from his or her or its ~~residential~~ property insurance
 2154 policy.

2155 (4) An insurer shall keep the original copy of a signed
 2156 statement required by this section, electronically or otherwise,

2157 and provide a copy to the policyholder providing the signed
 2158 statement. A signed statement meeting the requirements of this
 2159 section creates a presumption that there was an informed,
 2160 knowing rejection of coverage.

2161 (5) The exclusions authorized by this section apply for
 2162 the term of the policy and for each renewal thereafter. Changes
 2163 to the exclusions authorized by this section may be implemented
 2164 only as of the date of renewal. ~~The exclusions authorized by~~
 2165 ~~this section are valid for the term of the contract and for each~~
 2166 ~~renewal unless the policyholder elects otherwise.~~

2167 Section 19. Subsections (4) and (5) of section 627.7277,
 2168 Florida Statutes, as amended by chapter 2007-1, Laws of Florida,
 2169 are amended to read:

2170 627.7277 Notice of renewal premium.--

2171 ~~(4) Every notice of renewal premium must specify:~~

2172 ~~(a) The dollar amounts recouped for assessments by the~~
 2173 ~~Florida Hurricane Catastrophe Fund, the Citizens Property~~
 2174 ~~Insurance Corporation, and the Florida Insurance Guaranty~~
 2175 ~~Association. The actual names of the entities must appear next~~
 2176 ~~to the dollar amounts.~~

2177 ~~(b) The dollar amount of any premium increase that is due~~
 2178 ~~to a rate increase and the dollar amounts that are due to~~
 2179 ~~coverage changes.~~

2180 ~~(5) The Financial Services Commission may adopt rules~~
 2181 ~~pursuant to ss. 120.536(1) and 120.54 to implement this section.~~

2182 Section 20. Subsection (11) of section 631.52, Florida
 2183 Statutes, is amended to read:

2184 631.52 Scope.--This part shall apply to all kinds of

2185 direct insurance, except:

2186 (11) Self-insurance and any kind of self-insurance fund,
 2187 liability pool, or risk management fund;

2188 Section 21. Paragraph (e) of subsection (3) of section
 2189 631.57, Florida Statutes, as amended by chapter 2007-1, Laws of
 2190 Florida, is amended to read:

2191 631.57 Powers and duties of the association.--

2192 (3)

2193 (e)1.a. In addition to assessments otherwise authorized in
 2194 paragraph (a) and to the extent necessary to secure the funds
 2195 for the account specified in s. 631.55(2)(c) for the direct
 2196 payment of covered claims of insurers rendered insolvent by the
 2197 effects of a hurricane ~~homeowners' insurers~~ and to pay the
 2198 reasonable costs to administer such claims, or to retire
 2199 indebtedness, including, without limitation, the principal,
 2200 redemption premium, if any, and interest on, and related costs
 2201 of issuance of, bonds issued under s. 631.695 and the funding of
 2202 any reserves and other payments required under the bond
 2203 resolution or trust indenture pursuant to which such bonds have
 2204 been issued, the office, upon certification of the board of
 2205 directors, shall levy emergency assessments upon insurers
 2206 holding a certificate of authority. The emergency assessments
 2207 payable under this paragraph by any insurer shall not exceed in
 2208 any single year more than 2 percent of that insurer's direct
 2209 written premiums, net of refunds, in this state during the
 2210 preceding calendar year for the kinds of insurance within the
 2211 account specified in s. 631.55(2)(c).

2212 b. Any emergency assessments authorized under this

2213 paragraph shall be levied by the office upon insurers referred
2214 to in sub-subparagraph a., upon certification as to the need for
2215 such assessments by the board of directors. In the event the
2216 board of directors participates in the issuance of bonds in
2217 accordance with s. 631.695, emergency assessments shall be
2218 levied in each year that bonds issued under s. 631.695 and
2219 secured by such emergency assessments are outstanding, in such
2220 amounts up to such 2-percent limit as required in order to
2221 provide for the full and timely payment of the principal of,
2222 redemption premium, if any, and interest on, and related costs
2223 of issuance of, such bonds. The emergency assessments provided
2224 for in this paragraph are assigned and pledged to the
2225 municipality, county, or legal entity issuing bonds under s.
2226 631.695 for the benefit of the holders of such bonds, in order
2227 to enable such municipality, county, or legal entity to provide
2228 for the payment of the principal of, redemption premium, if any,
2229 and interest on such bonds, the cost of issuance of such bonds,
2230 and the funding of any reserves and other payments required
2231 under the bond resolution or trust indenture pursuant to which
2232 such bonds have been issued, without the necessity of any
2233 further action by the association, the office, or any other
2234 party. To the extent bonds are issued under s. 631.695 and the
2235 association determines to secure such bonds by a pledge of
2236 revenues received from the emergency assessments, such bonds,
2237 upon such pledge of revenues, shall be secured by and payable
2238 from the proceeds of such emergency assessments, and the
2239 proceeds of emergency assessments levied under this paragraph
2240 shall be remitted directly to and administered by the trustee or

2241 custodian appointed for such bonds.

2242 c. Emergency assessments under this paragraph may be
2243 payable in a single payment or, at the option of the
2244 association, may be payable in 12 monthly installments with the
2245 first installment being due and payable at the end of the month
2246 after an emergency assessment is levied and subsequent
2247 installments being due not later than the end of each succeeding
2248 month.

2249 d. If emergency assessments are imposed, the report
2250 required by s. 631.695(7) shall include an analysis of the
2251 revenues generated from the emergency assessments imposed under
2252 this paragraph.

2253 e. If emergency assessments are imposed, the references in
2254 sub-subparagraph (1)(a)3.b. and s. 631.695(2) and (7) to
2255 assessments levied under paragraph (a) shall include emergency
2256 assessments imposed under this paragraph.

2257 2. In order to ensure that insurers paying emergency
2258 assessments levied under this paragraph continue to charge rates
2259 that are neither inadequate nor excessive, within 90 days after
2260 being notified of such assessments, each insurer that is to be
2261 assessed pursuant to this paragraph shall submit a rate filing
2262 for coverage included within the account specified in s.
2263 631.55(2)(c) and for which rates are required to be filed under
2264 s. 627.062. If the filing reflects a rate change that, as a
2265 percentage, is equal to the difference between the rate of such
2266 assessment and the rate of the previous year's assessment under
2267 this paragraph, the filing shall consist of a certification so
2268 stating and shall be deemed approved when made. Any rate change

2269 of a different percentage shall be subject to the standards and
 2270 procedures of s. 627.062.

2271 3. In the event the board of directors participates in the
 2272 issuance of bonds in accordance with s. 631.695, an annual
 2273 assessment under this paragraph shall continue while the bonds
 2274 issued with respect to which the assessment was imposed are
 2275 outstanding, including any bonds the proceeds of which were used
 2276 to refund bonds issued pursuant to s. 631.695, unless adequate
 2277 provision has been made for the payment of the bonds in the
 2278 documents authorizing the issuance of such bonds.

2279 4. Emergency assessments under this paragraph are not
 2280 premium and are not subject to the premium tax, to any fees, or
 2281 to any commissions. An insurer is liable for all emergency
 2282 assessments that the insurer collects and shall treat the
 2283 failure of an insured to pay an emergency assessment as a
 2284 failure to pay the premium. An insurer is not liable for
 2285 uncollectible emergency assessments.

2286 Section 22. Paragraphs (g), (h), and (i) of subsection (1)
 2287 and subsections (2) and (6) of section 631.695, Florida
 2288 Statutes, are amended to read:

2289 631.695 Revenue bond issuance through counties or
 2290 municipalities.--

2291 (1) The Legislature finds:

2292 (g) To achieve the foregoing purposes, it is proper to
 2293 authorize municipalities and counties of this state
 2294 ~~substantially affected by the landfall of a hurricane~~ to issue
 2295 bonds to assist the Florida Insurance Guaranty Association in
 2296 expediting the handling and payment of covered claims of

2297 insolvent insurers.

2298 (h) In order to avoid the needless and indiscriminate
2299 proliferation, duplication, and fragmentation of such assistance
2300 programs, it is in the best interests of the residents of this
2301 state to authorize municipalities and counties ~~severely affected~~
2302 ~~by a hurricane~~ to provide for the payment of covered claims
2303 beyond their territorial limits in the implementation of such
2304 programs.

2305 (i) It is a paramount public purpose for municipalities
2306 and counties ~~substantially affected by the landfall of a~~
2307 ~~hurricane~~ to be able to issue bonds for the purposes described
2308 in this section. Such issuance shall provide assistance to
2309 residents of those municipalities and counties as well as to
2310 other residents of this state.

2311 (2) The governing body of any municipality or county, ~~the~~
2312 ~~residents of which have been substantially affected by a~~
2313 ~~hurricane~~, may issue bonds to fund an assistance program in
2314 conjunction with, and with the consent of, the Florida Insurance
2315 Guaranty Association for the purpose of paying claimants' or
2316 policyholders' covered claims, as defined in s. 631.54, arising
2317 through the insolvency of an insurer, which insolvency is
2318 determined by the Florida Insurance Guaranty Association to have
2319 been a result of a hurricane, regardless of whether the
2320 claimants or policyholders are residents of such municipality or
2321 county or the property to which the claim relates is located
2322 within or outside the territorial jurisdiction of the
2323 municipality or county. The power of a municipality or county to
2324 issue bonds, as described in this section, is in addition to any

2325 powers granted by law and may not be abrogated or restricted by
 2326 any provisions in such municipality's or county's charter. A
 2327 municipality or county issuing bonds for this purpose shall
 2328 enter into such contracts with the Florida Insurance Guaranty
 2329 Association or any entity acting on behalf of the Florida
 2330 Insurance Guaranty Association as are necessary to implement the
 2331 assistance program. Any bonds issued by a municipality or county
 2332 or a combination thereof under this subsection shall be payable
 2333 from and secured by moneys received by or on behalf of the
 2334 municipality or county from assessments levied under s.
 2335 631.57(3) (a) and assigned and pledged to or on behalf of the
 2336 municipality or county for the benefit of the holders of the
 2337 bonds in connection with the assistance program. The funds,
 2338 credit, property, and taxing power of the state or any
 2339 municipality or county shall not be pledged for the payment of
 2340 such bonds.

2341 (6) Two or more municipalities or counties, ~~the residents~~
 2342 ~~of which have been substantially affected by a hurricane,~~ may
 2343 create a legal entity pursuant to s. 163.01(7)(g) to exercise
 2344 the powers described in this section as well as those powers
 2345 granted in s. 163.01(7)(g). References in this section to a
 2346 municipality or county includes such legal entity.

2347 Section 23. (1) Notwithstanding section 9 of chapter
 2348 2007-1, Laws of Florida, the internal design option provided in
 2349 s. 1609.1.4.1. of the Florida Building Code shall remain in
 2350 effect until June 1, 2007, for a building permit application
 2351 made prior to that date.

2352 (2) This section shall take effect upon this act becoming

2353 a law and shall apply retroactively to January 25, 2007. This
2354 section shall apply to any actions taken on any building permit
2355 affected by section 9 of chapter 2007-1, Laws of Florida,
2356 including any actions, legal or ministerial, pertaining to the
2357 issuance, revocation, or modifications of any building permit
2358 initiated or issued prior to, on, after, or pending as of
2359 January 25, 2007. If the retroactive application of any
2360 provision of this section is held invalid, the invalidity shall
2361 not affect the retroactive application of other provisions of
2362 this section.

2363 Section 24. Section 624.46226, Florida Statutes, is
2364 created to read:

2365 624.46226 Public housing authorities self-insurance
2366 funds.--Any two or more public housing authorities in the state
2367 as defined in chapter 421 may also create a self-insurance fund
2368 as defined in s. 624.4622 for the purpose of self-insuring real
2369 or personal property of every kind and every interest in such
2370 property against loss or damage from any hazard or cause and
2371 against any loss consequential to such loss or damage, provided
2372 all the provisions of s. 624.4622 are met.

2373 Section 25. Except as otherwise expressly provided in this
2374 act, this act shall take effect July 1, 2007.