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CS/HB 715

2015 Legislature

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An act relating to eligibility for coverage by Citizens Property Insurance Corporation; amending s. 627.351, F.S.; deleting a provision prohibiting certain improvements to major structures from being eligible for coverage by Citizens Property Insurance Corporation; revising provisions with respect to prohibitions on coverage for major structures that have undergone specified changes after a specified permit application date; reenacting s. 627.712(1), F.S., relating to residential windstorm coverage, to incorporate the amendment made by this act to s. 627.351, F.S., in a reference thereto; providing an effective date.

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

Section 1. Paragraph (a) of subsection (6) of section 627.351, Florida Statutes, is amended to read:

627.351 Insurance risk apportionment plans.—

(6) CITIZENS PROPERTY INSURANCE CORPORATION.—

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

1. The Legislature finds that private insurers are unwilling or unable to provide affordable property insurance

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27 | coverage in this state to the extent sought and needed. The
28 | absence of affordable property insurance threatens the public
29 | health, safety, and welfare and likewise threatens the economic
30 | health of the state. The state therefore has a compelling public
31 | interest and a public purpose to assist in assuring that
32 | property in the state is insured and that it is insured at
33 | affordable rates so as to facilitate the remediation,
34 | reconstruction, and replacement of damaged or destroyed property
35 | in order to reduce or avoid the negative effects otherwise
36 | resulting to the public health, safety, and welfare, to the
37 | economy of the state, and to the revenues of the state and local
38 | governments which are needed to provide for the public welfare.
39 | It is necessary, therefore, to provide affordable property
40 | insurance to applicants who are in good faith entitled to
41 | procure insurance through the voluntary market but are unable to
42 | do so. The Legislature intends, therefore, that affordable
43 | property insurance be provided and that it continue to be
44 | provided, as long as necessary, through Citizens Property
45 | Insurance Corporation, a government entity that is an integral
46 | part of the state, and that is not a private insurance company.
47 | To that end, the corporation shall strive to increase the
48 | availability of affordable property insurance in this state,
49 | while achieving efficiencies and economies, and while providing
50 | service to policyholders, applicants, and agents which is no
51 | less than the quality generally provided in the voluntary
52 | market, for the achievement of the foregoing public purposes.

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53 | Because it is essential for this government entity to have the
54 | maximum financial resources to pay claims following a
55 | catastrophic hurricane, it is the intent of the Legislature that
56 | the corporation continue to be an integral part of the state and
57 | that the income of the corporation be exempt from federal income
58 | taxation and that interest on the debt obligations issued by the
59 | corporation be exempt from federal income taxation.

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

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79 | building, and similar policies.

80 | 3. With respect to coverage for personal lines residential
81 | structures:

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

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

103 | c. Effective January 1, 2016, a structure that has a
104 | dwelling replacement cost of \$800,000 or more, or a single

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105 condominium unit that has a combined dwelling and contents
106 replacement cost of \$800,000 or more, is not eligible for
107 coverage by the corporation. Such dwellings insured by the
108 corporation on December 31, 2015, may continue to be covered by
109 the corporation until the end of the policy term.

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

117
118 The requirements of sub-subparagraphs b.-d. do not apply in
119 counties where the office determines there is not a reasonable
120 degree of competition. In such counties a personal lines
121 residential structure that has a dwelling replacement cost of
122 less than \$1 million, or a single condominium unit that has a
123 combined dwelling and contents replacement cost of less than \$1
124 million, is eligible for coverage by the corporation.

125 4. It is the intent of the Legislature that policyholders,
126 applicants, and agents of the corporation receive service and
127 treatment of the highest possible level but never less than that
128 generally provided in the voluntary market. It is also intended
129 that the corporation be held to service standards no less than
130 those applied to insurers in the voluntary market by the office

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131 with respect to responsiveness, timeliness, customer courtesy,
 132 and overall dealings with policyholders, applicants, or agents
 133 of the corporation.

134 5.a. Effective January 1, 2009, a personal lines
 135 residential structure that is located in the "wind-borne debris
 136 region," as defined in s. 1609.2, International Building Code
 137 (2006), and that has an insured value on the structure of
 138 \$750,000 or more is not eligible for coverage by the corporation
 139 unless the structure has opening protections as required under
 140 the Florida Building Code for a newly constructed residential
 141 structure in that area. A residential structure is deemed to
 142 comply with this sub-subparagraph if it has shutters or opening
 143 protections on all openings and if such opening protections
 144 complied with the Florida Building Code at the time they were
 145 installed.

146 b. Any major structure, as defined in s. 161.54(6)(a),
 147 that is newly constructed, or rebuilt, repaired, restored, or
 148 remodeled to increase the total square footage of finished area
 149 by more than 25 percent, pursuant to ~~for which a permit is~~
 150 ~~applied for~~ on or ~~after July 1, 2015, for new construction or~~
 151 ~~substantial improvement as defined in s. 161.54(12)~~ is not
 152 eligible for coverage by the corporation if the structure is
 153 seaward of the coastal construction control line established
 154 pursuant to s. 161.053 or is within the Coastal Barrier
 155 Resources System as designated by 16 U.S.C. ss. 3501-3510.

156 6. With respect to wind-only coverage for commercial lines

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157 residential condominiums, effective July 1, 2014, a condominium
158 shall be deemed ineligible for coverage if 50 percent or more of
159 the units are rented more than eight times in a calendar year
160 for a rental agreement period of less than 30 days.

161 Section 2. For the purpose of incorporating the amendment
162 made by this act to section 627.351, Florida Statutes, in a
163 reference thereto, subsection (1) of s. 627.712, Florida
164 Statutes, is reenacted to read:

165 627.712 Residential windstorm coverage required;
166 availability of exclusions for windstorm or contents.—

167 (1) An insurer issuing a residential property insurance
168 policy must provide windstorm coverage. Except as provided in
169 paragraph (2)(c), this section does not apply to risks that are
170 eligible for wind-only coverage from Citizens Property Insurance
171 Corporation under s. 627.351(6), and risks that are not eligible
172 for coverage from Citizens Property Insurance Corporation under
173 s. 627.351(6)(a)3. or 5. A risk ineligible for coverage by the
174 corporation under s. 627.351(6)(a)3. or 5. is exempt from this
175 section only if the risk is located within the boundaries of the
176 coastal account of the corporation.

177 Section 3. This act shall take effect July 1, 2015.