

By Senator Bennett

21-00469C-10

2010876__

1 A bill to be entitled
2 An act relating to residential property insurance;
3 amending s. 627.062, F.S.; authorizing certain
4 insurers to use a rate different from otherwise
5 applicable filed rates; prohibiting the consideration
6 of certain policies when making a specified
7 calculation; preserving the authority of the Office of
8 Insurance Regulation to disapprove rates as inadequate
9 or disapprove a rate filing for using certain rating
10 factors; authorizing the office to direct an insurer
11 to make a specified type of rate filing under certain
12 circumstances; amending s. 627.351, F.S.; providing
13 requirements for attachment and payment of the
14 Citizens policyholder surcharge; prohibiting the
15 corporation from levying certain regular assessments
16 until after levying the full amount of a Citizens
17 policyholder surcharge; requiring the corporation's
18 plan of operation to require agents to obtain an
19 acknowledgement of potential surcharge and assessment
20 liability from applicants and policyholders; requiring
21 the corporation to permanently retain a copy of such
22 acknowledgments; specifying that the acknowledgement
23 creates a conclusive presumption of understanding and
24 acceptance by the policyholder; creating s. 627.7031,
25 F.S.; authorizing certain insurers to offer or renew
26 policies at rates established under certain
27 circumstances; prohibiting certain insurers from
28 purchasing TICL option coverage from the Florida
29 Hurricane Catastrophe Fund under certain

21-00469C-10

2010876

30 circumstances; requiring that certain policies contain
31 a specified rate notice; requiring insurers to offer
32 applicants or insureds an estimate of the premium for
33 a policy from Citizens Property Insurance Corporation
34 reflecting similar coverage, limits, and deductibles;
35 requiring applicants or insureds to provide a signed
36 premium comparison acknowledgement; specifying
37 criteria for insurer compliance with certain
38 requirements; specifying acknowledgement contents;
39 requiring insurers and agents to retain a copy of the
40 acknowledgement for a specified time; specifying a
41 presumption created by a signed acknowledgement;
42 specifying types of residential property insurance
43 policies that are not eligible for certain rates or
44 subject to other requirements; requiring written
45 notice of certain nonrenewals; preserving insurer
46 authority to cancel policies; specifying a criterion
47 for what constitutes an offer to renew a policy;
48 providing an effective date.

49
50 Be It Enacted by the Legislature of the State of Florida:

51
52 Section 1. Paragraph (1) is added to subsection (2) of
53 section 627.062, Florida Statutes, to read:

54 627.062 Rate standards.—

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

56 (1)1. An insurer complying with the requirements of s.
57 627.7031 may use a rate for residential property insurance, as
58 defined in s. 627.4025, different from the otherwise applicable

21-00469C-10

2010876__

59 filed rate as provided in this paragraph.

60 2. Policies subject to this paragraph may not be counted in
61 the calculation under s. 627.171(2).

62 3. Such rates shall be filed with the office as a separate
63 filing.

64 4. This paragraph does not affect the authority of the
65 office to disapprove a rate as inadequate or to disapprove a
66 rate filing for charging any insured or applicant a higher
67 premium solely because of the insured's or applicant's race,
68 color, creed, marital status, sex, or national origin. Upon
69 finding that an insurer has used any such factor in charging an
70 insured or applicant a higher premium, the office may direct the
71 insurer to make a new filing for a new rate that does not use
72 such factor.

73
74 The provisions of this subsection shall not apply to workers'
75 compensation and employer's liability insurance and to motor
76 vehicle insurance.

77 Section 2. Paragraphs (g) through (ff) of subsection (6) of
78 section 627.351, Florida Statutes, are redesignated as
79 paragraphs (f) through (ee), respectively, present paragraph (f)
80 of that subsection is redesignated as paragraph (ff), and
81 paragraphs (b) and (c) of subsection (6) of section 627.351,
82 Florida Statutes, are amended to read:

83 627.351 Insurance risk apportionment plans.—

84 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

85 (b)1. All insurers authorized to write one or more subject
86 lines of business in this state are subject to assessment by the
87 corporation and, for the purposes of this subsection, are

21-00469C-10

2010876

88 referred to collectively as "assessable insurers." Insurers
89 writing one or more subject lines of business in this state
90 pursuant to part VIII of chapter 626 are not assessable
91 insurers, but insureds who procure one or more subject lines of
92 business in this state pursuant to part VIII of chapter 626 are
93 subject to assessment by the corporation and are referred to
94 collectively as "assessable insureds." An authorized insurer's
95 assessment liability shall begin on the first day of the
96 calendar year following the year in which the insurer was issued
97 a certificate of authority to transact insurance for subject
98 lines of business in this state and shall terminate 1 year after
99 the end of the first calendar year during which the insurer no
100 longer holds a certificate of authority to transact insurance
101 for subject lines of business in this state.

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

105 (I) A personal lines account for personal residential
106 policies issued by the corporation or issued by the Residential
107 Property and Casualty Joint Underwriting Association and renewed
108 by the corporation that provide comprehensive, multiperil
109 coverage on risks that are not located in areas eligible for
110 coverage in the Florida Windstorm Underwriting Association as
111 those areas were defined on January 1, 2002, and for such
112 policies that do not provide coverage for the peril of wind on
113 risks that are located in such areas;

114 (II) A commercial lines account for commercial residential
115 and commercial nonresidential policies issued by the corporation
116 or issued by the Residential Property and Casualty Joint

21-00469C-10

2010876

117 Underwriting Association and renewed by the corporation that
118 provide coverage for basic property perils on risks that are not
119 located in areas eligible for coverage in the Florida Windstorm
120 Underwriting Association as those areas were defined on January
121 1, 2002, and for such policies that do not provide coverage for
122 the peril of wind on risks that are located in such areas; and
123 (III) A high-risk account for personal residential policies
124 and commercial residential and commercial nonresidential
125 property policies issued by the corporation or transferred to
126 the corporation that provide coverage for the peril of wind on
127 risks that are located in areas eligible for coverage in the
128 Florida Windstorm Underwriting Association as those areas were
129 defined on January 1, 2002. The corporation may offer policies
130 that provide multiperil coverage and the corporation shall
131 continue to offer policies that provide coverage only for the
132 peril of wind for risks located in areas eligible for coverage
133 in the high-risk account. In issuing multiperil coverage, the
134 corporation may use its approved policy forms and rates for the
135 personal lines account. An applicant or insured who is eligible
136 to purchase a multiperil policy from the corporation may
137 purchase a multiperil policy from an authorized insurer without
138 prejudice to the applicant's or insured's eligibility to
139 prospectively purchase a policy that provides coverage only for
140 the peril of wind from the corporation. An applicant or insured
141 who is eligible for a corporation policy that provides coverage
142 only for the peril of wind may elect to purchase or retain such
143 policy and also purchase or retain coverage excluding wind from
144 an authorized insurer without prejudice to the applicant's or
145 insured's eligibility to prospectively purchase a policy that

21-00469C-10

2010876

146 provides multiperil coverage from the corporation. It is the
147 goal of the Legislature that there would be an overall average
148 savings of 10 percent or more for a policyholder who currently
149 has a wind-only policy with the corporation, and an ex-wind
150 policy with a voluntary insurer or the corporation, and who then
151 obtains a multiperil policy from the corporation. It is the
152 intent of the Legislature that the offer of multiperil coverage
153 in the high-risk account be made and implemented in a manner
154 that does not adversely affect the tax-exempt status of the
155 corporation or creditworthiness of or security for currently
156 outstanding financing obligations or credit facilities of the
157 high-risk account, the personal lines account, or the commercial
158 lines account. The high-risk account must also include quota
159 share primary insurance under subparagraph (c)2. The area
160 eligible for coverage under the high-risk account also includes
161 the area within Port Canaveral, which is bordered on the south
162 by the City of Cape Canaveral, bordered on the west by the
163 Banana River, and bordered on the north by Federal Government
164 property.

165 b. The three separate accounts must be maintained as long
166 as financing obligations entered into by the Florida Windstorm
167 Underwriting Association or Residential Property and Casualty
168 Joint Underwriting Association are outstanding, in accordance
169 with the terms of the corresponding financing documents. When
170 the financing obligations are no longer outstanding, in
171 accordance with the terms of the corresponding financing
172 documents, the corporation may use a single account for all
173 revenues, assets, liabilities, losses, and expenses of the
174 corporation. Consistent with the requirement of this

21-00469C-10

2010876

175 subparagraph and prudent investment policies that minimize the
176 cost of carrying debt, the board shall exercise its best efforts
177 to retire existing debt or to obtain approval of necessary
178 parties to amend the terms of existing debt, so as to structure
179 the most efficient plan to consolidate the three separate
180 accounts into a single account. By February 1, 2007, the board
181 shall submit a report to the Financial Services Commission, the
182 President of the Senate, and the Speaker of the House of
183 Representatives which includes an analysis of consolidating the
184 accounts, the actions the board has taken to minimize the cost
185 of carrying debt, and its recommendations for executing the most
186 efficient plan.

187 c. Creditors of the Residential Property and Casualty Joint
188 Underwriting Association and of the accounts specified in sub-
189 sub-subparagraphs a.(I) and (II) may have a claim against, and
190 recourse to, the accounts referred to in sub-sub-subparagraphs
191 a.(I) and (II) and shall have no claim against, or recourse to,
192 the account referred to in sub-sub-subparagraph a.(III).
193 Creditors of the Florida Windstorm Underwriting Association
194 shall have a claim against, and recourse to, the account
195 referred to in sub-sub-subparagraph a.(III) and shall have no
196 claim against, or recourse to, the accounts referred to in sub-
197 sub-subparagraphs a.(I) and (II).

198 d. Revenues, assets, liabilities, losses, and expenses not
199 attributable to particular accounts shall be prorated among the
200 accounts.

201 e. The Legislature finds that the revenues of the
202 corporation are revenues that are necessary to meet the
203 requirements set forth in documents authorizing the issuance of

21-00469C-10

2010876__

204 bonds under this subsection.

205 f. No part of the income of the corporation may inure to
206 the benefit of any private person.

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

208 a. After accounting for the Citizens policyholder surcharge
209 imposed under sub-subparagraph i., when the remaining projected
210 deficit incurred in a particular calendar year is not greater
211 than 6 percent of the aggregate statewide direct written premium
212 for the subject lines of business for the prior calendar year,
213 the entire deficit shall be recovered through regular
214 assessments of assessable insurers under paragraph (p) and
215 assessable insureds.

216 b. After accounting for the Citizens policyholder surcharge
217 imposed under sub-subparagraph i., when the remaining projected
218 deficit incurred in a particular calendar year exceeds 6 percent
219 of the aggregate statewide direct written premium for the
220 subject lines of business for the prior calendar year, the
221 corporation shall levy regular assessments on assessable
222 insurers under paragraph (p) and on assessable insureds in an
223 amount equal to the greater of 6 percent of the deficit or 6
224 percent of the aggregate statewide direct written premium for
225 the subject lines of business for the prior calendar year. Any
226 remaining deficit shall be recovered through emergency
227 assessments under sub-subparagraph d.

228 c. Each assessable insurer's share of the amount being
229 assessed under sub-subparagraph a. or sub-subparagraph b. shall
230 be in the proportion that the assessable insurer's direct
231 written premium for the subject lines of business for the year
232 preceding the assessment bears to the aggregate statewide direct

21-00469C-10

2010876

233 written premium for the subject lines of business for that year.
234 The assessment percentage applicable to each assessable insured
235 is the ratio of the amount being assessed under sub-subparagraph
236 a. or sub-subparagraph b. to the aggregate statewide direct
237 written premium for the subject lines of business for the prior
238 year. Assessments levied by the corporation on assessable
239 insurers under sub-subparagraphs a. and b. shall be paid as
240 required by the corporation's plan of operation and paragraph
241 (p). Assessments levied by the corporation on assessable
242 insureds under sub-subparagraphs a. and b. shall be collected by
243 the surplus lines agent at the time the surplus lines agent
244 collects the surplus lines tax required by s. 626.932 and shall
245 be paid to the Florida Surplus Lines Service Office at the time
246 the surplus lines agent pays the surplus lines tax to the
247 Florida Surplus Lines Service Office. Upon receipt of regular
248 assessments from surplus lines agents, the Florida Surplus Lines
249 Service Office shall transfer the assessments directly to the
250 corporation as determined by the corporation.

251 d. Upon a determination by the board of governors that a
252 deficit in an account exceeds the amount that will be recovered
253 through regular assessments under sub-subparagraph a. or sub-
254 subparagraph b., plus the amount that is expected to be
255 recovered through surcharges under sub-subparagraph i., as to
256 the remaining projected deficit the board shall levy, after
257 verification by the office, emergency assessments, for as many
258 years as necessary to cover the deficits, to be collected by
259 assessable insurers and the corporation and collected from
260 assessable insureds upon issuance or renewal of policies for
261 subject lines of business, excluding National Flood Insurance

21-00469C-10

2010876

262 policies. The amount of the emergency assessment collected in a
263 particular year shall be a uniform percentage of that year's
264 direct written premium for subject lines of business and all
265 accounts of the corporation, excluding National Flood Insurance
266 Program policy premiums, as annually determined by the board and
267 verified by the office. The office shall verify the arithmetic
268 calculations involved in the board's determination within 30
269 days after receipt of the information on which the determination
270 was based. Notwithstanding any other provision of law, the
271 corporation and each assessable insurer that writes subject
272 lines of business shall collect emergency assessments from its
273 policyholders without such obligation being affected by any
274 credit, limitation, exemption, or deferment. Emergency
275 assessments levied by the corporation on assessable insureds
276 shall be collected by the surplus lines agent at the time the
277 surplus lines agent collects the surplus lines tax required by
278 s. 626.932 and shall be paid to the Florida Surplus Lines
279 Service Office at the time the surplus lines agent pays the
280 surplus lines tax to the Florida Surplus Lines Service Office.
281 The emergency assessments so collected shall be transferred
282 directly to the corporation on a periodic basis as determined by
283 the corporation and shall be held by the corporation solely in
284 the applicable account. The aggregate amount of emergency
285 assessments levied for an account under this sub-subparagraph in
286 any calendar year may, at the discretion of the board of
287 governors, be less than but may not exceed the greater of 10
288 percent of the amount needed to cover the deficit, plus
289 interest, fees, commissions, required reserves, and other costs
290 associated with financing of the original deficit, or 10 percent

21-00469C-10

2010876

291 of the aggregate statewide direct written premium for subject
292 lines of business and for all accounts of the corporation for
293 the prior year, plus interest, fees, commissions, required
294 reserves, and other costs associated with financing the deficit.

295 e. The corporation may pledge the proceeds of assessments,
296 projected recoveries from the Florida Hurricane Catastrophe
297 Fund, other insurance and reinsurance recoverables, policyholder
298 surcharges and other surcharges, and other funds available to
299 the corporation as the source of revenue for and to secure bonds
300 issued under paragraph (p), bonds or other indebtedness issued
301 under subparagraph (c)3., or lines of credit or other financing
302 mechanisms issued or created under this subsection, or to retire
303 any other debt incurred as a result of deficits or events giving
304 rise to deficits, or in any other way that the board determines
305 will efficiently recover such deficits. The purpose of the lines
306 of credit or other financing mechanisms is to provide additional
307 resources to assist the corporation in covering claims and
308 expenses attributable to a catastrophe. As used in this
309 subsection, the term "assessments" includes regular assessments
310 under sub-subparagraph a., sub-subparagraph b., or subparagraph
311 (p)1. and emergency assessments under sub-subparagraph d.
312 Emergency assessments collected under sub-subparagraph d. are
313 not part of an insurer's rates, are not premium, and are not
314 subject to premium tax, fees, or commissions; however, failure
315 to pay the emergency assessment shall be treated as failure to
316 pay premium. The emergency assessments under sub-subparagraph d.
317 shall continue as long as any bonds issued or other indebtedness
318 incurred with respect to a deficit for which the assessment was
319 imposed remain outstanding, unless adequate provision has been

21-00469C-10

2010876

320 made for the payment of such bonds or other indebtedness
321 pursuant to the documents governing such bonds or other
322 indebtedness.

323 f. As used in this subsection for purposes of any deficit
324 incurred on or after January 25, 2007, the term "subject lines
325 of business" means insurance written by assessable insurers or
326 procured by assessable insureds for all property and casualty
327 lines of business in this state, but not including workers'
328 compensation or medical malpractice. As used in the sub-
329 subparagraph, the term "property and casualty lines of business"
330 includes all lines of business identified on Form 2, Exhibit of
331 Premiums and Losses, in the annual statement required of
332 authorized insurers by s. 624.424 and any rule adopted under
333 this section, except for those lines identified as accident and
334 health insurance and except for policies written under the
335 National Flood Insurance Program or the Federal Crop Insurance
336 Program. For purposes of this sub-subparagraph, the term
337 "workers' compensation" includes both workers' compensation
338 insurance and excess workers' compensation insurance.

339 g. The Florida Surplus Lines Service Office shall determine
340 annually the aggregate statewide written premium in subject
341 lines of business procured by assessable insureds and shall
342 report that information to the corporation in a form and at a
343 time the corporation specifies to ensure that the corporation
344 can meet the requirements of this subsection and the
345 corporation's financing obligations.

346 h. The Florida Surplus Lines Service Office shall verify
347 the proper application by surplus lines agents of assessment
348 percentages for regular assessments and emergency assessments

21-00469C-10

2010876__

349 levied under this subparagraph on assessable insureds and shall
350 assist the corporation in ensuring the accurate, timely
351 collection and payment of assessments by surplus lines agents as
352 required by the corporation.

353 i. (I) If a deficit is incurred in any account in 2008 or
354 thereafter, the board of governors shall levy a Citizens
355 policyholder surcharge against all policyholders of the
356 corporation.

357 (II) The policyholder's liability for the Citizens
358 policyholder surcharge attaches on the date of the order levying
359 the surcharge or upon the initial issuance of a policy within
360 the first 12 months after the date of the order. The Citizens
361 policyholder surcharge is payable upon cancellation or
362 termination of the policy, upon renewal of the policy, or upon
363 issuance of a new policy within the first 12 months after the
364 date of the levy.

365 (III) The Citizens policyholder surcharge ~~for a 12-month~~
366 ~~period, which shall be levied collected at the time of issuance~~
367 ~~or renewal of a policy,~~ as a uniform percentage of the premium
368 for the policy of up to 15 percent of such premium, which funds
369 shall be used to offset the deficit.

370 (IV) The corporation may not levy any regular assessments
371 under paragraph (q) pursuant to sub-subparagraph a. or sub-
372 subparagraph b. with respect to a particular year's deficit
373 until the corporation has first levied a Citizens policyholder
374 surcharge under this sub-subparagraph in the full amount
375 authorized by this sub-subparagraph.

376 (V) Citizens policyholder surcharges under this sub-
377 subparagraph are not considered premium and are not subject to

21-00469C-10

2010876__

378 commissions, fees, or premium taxes. However, failure to pay
379 such surcharges shall be treated as failure to pay premium.

380 j. If the amount of any assessments or surcharges collected
381 from corporation policyholders, assessable insurers or their
382 policyholders, or assessable insureds exceeds the amount of the
383 deficits, such excess amounts shall be remitted to and retained
384 by the corporation in a reserve to be used by the corporation,
385 as determined by the board of governors and approved by the
386 office, to pay claims or reduce any past, present, or future
387 plan-year deficits or to reduce outstanding debt.

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

389 1. Must provide for adoption of residential property and
390 casualty insurance policy forms and commercial residential and
391 nonresidential property insurance forms, which forms must be
392 approved by the office prior to use. The corporation shall adopt
393 the following policy forms:

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

398 b. Basic personal lines policy forms that are policies
399 similar to an HO-8 policy or a dwelling fire policy that provide
400 coverage meeting the requirements of the secondary mortgage
401 market, but which coverage is more limited than the coverage
402 under a standard policy.

403 c. Commercial lines residential and nonresidential policy
404 forms that are generally similar to the basic perils of full
405 coverage obtainable for commercial residential structures and
406 commercial nonresidential structures in the admitted voluntary

21-00469C-10

2010876__

407 market.

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

413 e. Commercial lines nonresidential property insurance forms
414 that cover the peril of wind only. The forms are applicable only
415 to nonresidential properties located in areas eligible for
416 coverage under the high-risk account referred to in sub-
417 subparagraph (b)2.a.

418 f. The corporation may adopt variations of the policy forms
419 listed in sub-subparagraphs a.-e. that contain more restrictive
420 coverage.

421 2.a. Must provide that the corporation adopt a program in
422 which the corporation and authorized insurers enter into quota
423 share primary insurance agreements for hurricane coverage, as
424 defined in s. 627.4025(2)(a), for eligible risks, and adopt
425 property insurance forms for eligible risks which cover the
426 peril of wind only. As used in this subsection, the term:

427 (I) "Quota share primary insurance" means an arrangement in
428 which the primary hurricane coverage of an eligible risk is
429 provided in specified percentages by the corporation and an
430 authorized insurer. The corporation and authorized insurer are
431 each solely responsible for a specified percentage of hurricane
432 coverage of an eligible risk as set forth in a quota share
433 primary insurance agreement between the corporation and an
434 authorized insurer and the insurance contract. The
435 responsibility of the corporation or authorized insurer to pay

21-00469C-10

2010876

436 its specified percentage of hurricane losses of an eligible
437 risk, as set forth in the quota share primary insurance
438 agreement, may not be altered by the inability of the other
439 party to the agreement to pay its specified percentage of
440 hurricane losses. Eligible risks that are provided hurricane
441 coverage through a quota share primary insurance arrangement
442 must be provided policy forms that set forth the obligations of
443 the corporation and authorized insurer under the arrangement,
444 clearly specify the percentages of quota share primary insurance
445 provided by the corporation and authorized insurer, and
446 conspicuously and clearly state that neither the authorized
447 insurer nor the corporation may be held responsible beyond its
448 specified percentage of coverage of hurricane losses.

449 (II) "Eligible risks" means personal lines residential and
450 commercial lines residential risks that meet the underwriting
451 criteria of the corporation and are located in areas that were
452 eligible for coverage by the Florida Windstorm Underwriting
453 Association on January 1, 2002.

454 b. The corporation may enter into quota share primary
455 insurance agreements with authorized insurers at corporation
456 coverage levels of 90 percent and 50 percent.

457 c. If the corporation determines that additional coverage
458 levels are necessary to maximize participation in quota share
459 primary insurance agreements by authorized insurers, the
460 corporation may establish additional coverage levels. However,
461 the corporation's quota share primary insurance coverage level
462 may not exceed 90 percent.

463 d. Any quota share primary insurance agreement entered into
464 between an authorized insurer and the corporation must provide

21-00469C-10

2010876

465 for a uniform specified percentage of coverage of hurricane
466 losses, by county or territory as set forth by the corporation
467 board, for all eligible risks of the authorized insurer covered
468 under the quota share primary insurance agreement.

469 e. Any quota share primary insurance agreement entered into
470 between an authorized insurer and the corporation is subject to
471 review and approval by the office. However, such agreement shall
472 be authorized only as to insurance contracts entered into
473 between an authorized insurer and an insured who is already
474 insured by the corporation for wind coverage.

475 f. For all eligible risks covered under quota share primary
476 insurance agreements, the exposure and coverage levels for both
477 the corporation and authorized insurers shall be reported by the
478 corporation to the Florida Hurricane Catastrophe Fund. For all
479 policies of eligible risks covered under quota share primary
480 insurance agreements, the corporation and the authorized insurer
481 shall maintain complete and accurate records for the purpose of
482 exposure and loss reimbursement audits as required by Florida
483 Hurricane Catastrophe Fund rules. The corporation and the
484 authorized insurer shall each maintain duplicate copies of
485 policy declaration pages and supporting claims documents.

486 g. The corporation board shall establish in its plan of
487 operation standards for quota share agreements which ensure that
488 there is no discriminatory application among insurers as to the
489 terms of quota share agreements, pricing of quota share
490 agreements, incentive provisions if any, and consideration paid
491 for servicing policies or adjusting claims.

492 h. The quota share primary insurance agreement between the
493 corporation and an authorized insurer must set forth the

21-00469C-10

2010876

494 specific terms under which coverage is provided, including, but
495 not limited to, the sale and servicing of policies issued under
496 the agreement by the insurance agent of the authorized insurer
497 producing the business, the reporting of information concerning
498 eligible risks, the payment of premium to the corporation, and
499 arrangements for the adjustment and payment of hurricane claims
500 incurred on eligible risks by the claims adjuster and personnel
501 of the authorized insurer. Entering into a quota sharing
502 insurance agreement between the corporation and an authorized
503 insurer shall be voluntary and at the discretion of the
504 authorized insurer.

505 3. May provide that the corporation may employ or otherwise
506 contract with individuals or other entities to provide
507 administrative or professional services that may be appropriate
508 to effectuate the plan. The corporation shall have the power to
509 borrow funds, by issuing bonds or by incurring other
510 indebtedness, and shall have other powers reasonably necessary
511 to effectuate the requirements of this subsection, including,
512 without limitation, the power to issue bonds and incur other
513 indebtedness in order to refinance outstanding bonds or other
514 indebtedness. The corporation may, but is not required to, seek
515 judicial validation of its bonds or other indebtedness under
516 chapter 75. The corporation may issue bonds or incur other
517 indebtedness, or have bonds issued on its behalf by a unit of
518 local government pursuant to subparagraph (p)2., in the absence
519 of a hurricane or other weather-related event, upon a
520 determination by the corporation, subject to approval by the
521 office, that such action would enable it to efficiently meet the
522 financial obligations of the corporation and that such

21-00469C-10

2010876__

523 financings are reasonably necessary to effectuate the
524 requirements of this subsection. The corporation is authorized
525 to take all actions needed to facilitate tax-free status for any
526 such bonds or indebtedness, including formation of trusts or
527 other affiliated entities. The corporation shall have the
528 authority to pledge assessments, projected recoveries from the
529 Florida Hurricane Catastrophe Fund, other reinsurance
530 recoverables, market equalization and other surcharges, and
531 other funds available to the corporation as security for bonds
532 or other indebtedness. In recognition of s. 10, Art. I of the
533 State Constitution, prohibiting the impairment of obligations of
534 contracts, it is the intent of the Legislature that no action be
535 taken whose purpose is to impair any bond indenture or financing
536 agreement or any revenue source committed by contract to such
537 bond or other indebtedness.

538 4.a. Must require that the corporation operate subject to
539 the supervision and approval of a board of governors consisting
540 of eight individuals who are residents of this state, from
541 different geographical areas of this state. The Governor, the
542 Chief Financial Officer, the President of the Senate, and the
543 Speaker of the House of Representatives shall each appoint two
544 members of the board. At least one of the two members appointed
545 by each appointing officer must have demonstrated expertise in
546 insurance. The Chief Financial Officer shall designate one of
547 the appointees as chair. All board members serve at the pleasure
548 of the appointing officer. All members of the board of governors
549 are subject to removal at will by the officers who appointed
550 them. All board members, including the chair, must be appointed
551 to serve for 3-year terms beginning annually on a date

21-00469C-10

2010876__

552 designated by the plan. However, for the first term beginning on
553 or after July 1, 2009, each appointing officer shall appoint one
554 member of the board for a 2-year term and one member for a 3-
555 year term. Any board vacancy shall be filled for the unexpired
556 term by the appointing officer. The Chief Financial Officer
557 shall appoint a technical advisory group to provide information
558 and advice to the board of governors in connection with the
559 board's duties under this subsection. The executive director and
560 senior managers of the corporation shall be engaged by the board
561 and serve at the pleasure of the board. Any executive director
562 appointed on or after July 1, 2006, is subject to confirmation
563 by the Senate. The executive director is responsible for
564 employing other staff as the corporation may require, subject to
565 review and concurrence by the board.

566 b. The board shall create a Market Accountability Advisory
567 Committee to assist the corporation in developing awareness of
568 its rates and its customer and agent service levels in
569 relationship to the voluntary market insurers writing similar
570 coverage. The members of the advisory committee shall consist of
571 the following 11 persons, one of whom must be elected chair by
572 the members of the committee: four representatives, one
573 appointed by the Florida Association of Insurance Agents, one by
574 the Florida Association of Insurance and Financial Advisors, one
575 by the Professional Insurance Agents of Florida, and one by the
576 Latin American Association of Insurance Agencies; three
577 representatives appointed by the insurers with the three highest
578 voluntary market share of residential property insurance
579 business in the state; one representative from the Office of
580 Insurance Regulation; one consumer appointed by the board who is

21-00469C-10

2010876__

581 insured by the corporation at the time of appointment to the
582 committee; one representative appointed by the Florida
583 Association of Realtors; and one representative appointed by the
584 Florida Bankers Association. All members must serve for 3-year
585 terms and may serve for consecutive terms. The committee shall
586 report to the corporation at each board meeting on insurance
587 market issues which may include rates and rate competition with
588 the voluntary market; service, including policy issuance, claims
589 processing, and general responsiveness to policyholders,
590 applicants, and agents; and matters relating to depopulation.

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

593 a. Subject to the provisions of s. 627.3517, with respect
594 to personal lines residential risks, if the risk is offered
595 coverage from an authorized insurer at the insurer's approved
596 rate under either a standard policy including wind coverage or,
597 if consistent with the insurer's underwriting rules as filed
598 with the office, a basic policy including wind coverage, for a
599 new application to the corporation for coverage, the risk is not
600 eligible for any policy issued by the corporation unless the
601 premium for coverage from the authorized insurer is more than 15
602 percent greater than the premium for comparable coverage from
603 the corporation. If the risk is not able to obtain any such
604 offer, the risk is eligible for either a standard policy
605 including wind coverage or a basic policy including wind
606 coverage issued by the corporation; however, if the risk could
607 not be insured under a standard policy including wind coverage
608 regardless of market conditions, the risk shall be eligible for
609 a basic policy including wind coverage unless rejected under

21-00469C-10

2010876

610 subparagraph 8. However, with regard to a policyholder of the
611 corporation or a policyholder removed from the corporation
612 through an assumption agreement until the end of the assumption
613 period, the policyholder remains eligible for coverage from the
614 corporation regardless of any offer of coverage from an
615 authorized insurer or surplus lines insurer. The corporation
616 shall determine the type of policy to be provided on the basis
617 of objective standards specified in the underwriting manual and
618 based on generally accepted underwriting practices.

619 (I) If the risk accepts an offer of coverage through the
620 market assistance plan or an offer of coverage through a
621 mechanism established by the corporation before a policy is
622 issued to the risk by the corporation or during the first 30
623 days of coverage by the corporation, and the producing agent who
624 submitted the application to the plan or to the corporation is
625 not currently appointed by the insurer, the insurer shall:

626 (A) Pay to the producing agent of record of the policy, for
627 the first year, an amount that is the greater of the insurer's
628 usual and customary commission for the type of policy written or
629 a fee equal to the usual and customary commission of the
630 corporation; or

631 (B) Offer to allow the producing agent of record of the
632 policy to continue servicing the policy for a period of not less
633 than 1 year and offer to pay the agent the greater of the
634 insurer's or the corporation's usual and customary commission
635 for the type of policy written.

636

637 If the producing agent is unwilling or unable to accept
638 appointment, the new insurer shall pay the agent in accordance

21-00469C-10

2010876__

639 with sub-sub-sub-subparagraph (A).

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

644 (A) Pay to the producing agent of record of the corporation
645 policy, for the first year, an amount that is the greater of the
646 insurer's usual and customary commission for the type of policy
647 written or a fee equal to the usual and customary commission of
648 the corporation; or

649 (B) Offer to allow the producing agent of record of the
650 corporation policy to continue servicing the policy for a period
651 of not less than 1 year and offer to pay the agent the greater
652 of the insurer's or the corporation's usual and customary
653 commission for the type of policy written.

654
655 If the producing agent is unwilling or unable to accept
656 appointment, the new insurer shall pay the agent in accordance
657 with sub-sub-sub-subparagraph (A).

658 b. With respect to commercial lines residential risks, for
659 a new application to the corporation for coverage, if the risk
660 is offered coverage under a policy including wind coverage from
661 an authorized insurer at its approved rate, the risk is not
662 eligible for any policy issued by the corporation unless the
663 premium for coverage from the authorized insurer is more than 15
664 percent greater than the premium for comparable coverage from
665 the corporation. If the risk is not able to obtain any such
666 offer, the risk is eligible for a policy including wind coverage
667 issued by the corporation. However, with regard to a

21-00469C-10

2010876

668 policyholder of the corporation or a policyholder removed from
669 the corporation through an assumption agreement until the end of
670 the assumption period, the policyholder remains eligible for
671 coverage from the corporation regardless of any offer of
672 coverage from an authorized insurer or surplus lines insurer.

673 (I) If the risk accepts an offer of coverage through the
674 market assistance plan or an offer of coverage through a
675 mechanism established by the corporation before a policy is
676 issued to the risk by the corporation or during the first 30
677 days of coverage by the corporation, and the producing agent who
678 submitted the application to the plan or the corporation is not
679 currently appointed by the insurer, the insurer shall:

680 (A) Pay to the producing agent of record of the policy, for
681 the first year, an amount that is the greater of the insurer's
682 usual and customary commission for the type of policy written or
683 a fee equal to the usual and customary commission of the
684 corporation; or

685 (B) Offer to allow the producing agent of record of the
686 policy to continue servicing the policy for a period of not less
687 than 1 year and offer to pay the agent the greater of the
688 insurer's or the corporation's usual and customary commission
689 for the type of policy written.

690
691 If the producing agent is unwilling or unable to accept
692 appointment, the new insurer shall pay the agent in accordance
693 with sub-sub-sub-subparagraph (A).

694 (II) When the corporation enters into a contractual
695 agreement for a take-out plan, the producing agent of record of
696 the corporation policy is entitled to retain any unearned

21-00469C-10

2010876__

697 commission on the policy, and the insurer shall:

698 (A) Pay to the producing agent of record of the corporation
699 policy, for the first year, an amount that is the greater of the
700 insurer's usual and customary commission for the type of policy
701 written or a fee equal to the usual and customary commission of
702 the corporation; or

703 (B) Offer to allow the producing agent of record of the
704 corporation policy to continue servicing the policy for a period
705 of not less than 1 year and offer to pay the agent the greater
706 of the insurer's or the corporation's usual and customary
707 commission for the type of policy written.

708
709 If the producing agent is unwilling or unable to accept
710 appointment, the new insurer shall pay the agent in accordance
711 with sub-sub-sub-subparagraph (A).

712 c. For purposes of determining comparable coverage under
713 sub-subparagraphs a. and b., the comparison shall be based on
714 those forms and coverages that are reasonably comparable. The
715 corporation may rely on a determination of comparable coverage
716 and premium made by the producing agent who submits the
717 application to the corporation, made in the agent's capacity as
718 the corporation's agent. A comparison may be made solely of the
719 premium with respect to the main building or structure only on
720 the following basis: the same coverage A or other building
721 limits; the same percentage hurricane deductible that applies on
722 an annual basis or that applies to each hurricane for commercial
723 residential property; the same percentage of ordinance and law
724 coverage, if the same limit is offered by both the corporation
725 and the authorized insurer; the same mitigation credits, to the

21-00469C-10

2010876

726 extent the same types of credits are offered both by the
727 corporation and the authorized insurer; the same method for loss
728 payment, such as replacement cost or actual cash value, if the
729 same method is offered both by the corporation and the
730 authorized insurer in accordance with underwriting rules; and
731 any other form or coverage that is reasonably comparable as
732 determined by the board. If an application is submitted to the
733 corporation for wind-only coverage in the high-risk account, the
734 premium for the corporation's wind-only policy plus the premium
735 for the ex-wind policy that is offered by an authorized insurer
736 to the applicant shall be compared to the premium for multiperil
737 coverage offered by an authorized insurer, subject to the
738 standards for comparison specified in this subparagraph. If the
739 corporation or the applicant requests from the authorized
740 insurer a breakdown of the premium of the offer by types of
741 coverage so that a comparison may be made by the corporation or
742 its agent and the authorized insurer refuses or is unable to
743 provide such information, the corporation may treat the offer as
744 not being an offer of coverage from an authorized insurer at the
745 insurer's approved rate.

746 6. Must include rules for classifications of risks and
747 rates therefor.

748 7. Must provide that if premium and investment income for
749 an account attributable to a particular calendar year are in
750 excess of projected losses and expenses for the account
751 attributable to that year, such excess shall be held in surplus
752 in the account. Such surplus shall be available to defray
753 deficits in that account as to future years and shall be used
754 for that purpose prior to assessing assessable insurers and

21-00469C-10

2010876

755 assessable insureds as to any calendar year.

756 8. Must provide objective criteria and procedures to be
757 uniformly applied for all applicants in determining whether an
758 individual risk is so hazardous as to be uninsurable. In making
759 this determination and in establishing the criteria and
760 procedures, the following shall be considered:

761 a. Whether the likelihood of a loss for the individual risk
762 is substantially higher than for other risks of the same class;
763 and

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

766

767 The acceptance or rejection of a risk by the corporation shall
768 be construed as the private placement of insurance, and the
769 provisions of chapter 120 shall not apply.

770 9. Must provide that the corporation shall make its best
771 efforts to procure catastrophe reinsurance at reasonable rates,
772 to cover its projected 100-year probable maximum loss as
773 determined by the board of governors.

774 10. The policies issued by the corporation must provide
775 that, if the corporation or the market assistance plan obtains
776 an offer from an authorized insurer to cover the risk at its
777 approved rates, the risk is no longer eligible for renewal
778 through the corporation, except as otherwise provided in this
779 subsection.

780 11. Corporation policies and applications must include a
781 notice that the corporation policy could, under this section, be
782 replaced with a policy issued by an authorized insurer that does
783 not provide coverage identical to the coverage provided by the

21-00469C-10

2010876

784 corporation. The notice shall also specify that acceptance of
785 corporation coverage creates a conclusive presumption that the
786 applicant or policyholder is aware of this potential.

787 12. May establish, subject to approval by the office,
788 different eligibility requirements and operational procedures
789 for any line or type of coverage for any specified county or
790 area if the board determines that such changes to the
791 eligibility requirements and operational procedures are
792 justified due to the voluntary market being sufficiently stable
793 and competitive in such area or for such line or type of
794 coverage and that consumers who, in good faith, are unable to
795 obtain insurance through the voluntary market through ordinary
796 methods would continue to have access to coverage from the
797 corporation. When coverage is sought in connection with a real
798 property transfer, such requirements and procedures shall not
799 provide for an effective date of coverage later than the date of
800 the closing of the transfer as established by the transferor,
801 the transferee, and, if applicable, the lender.

802 13. Must provide that, with respect to the high-risk
803 account, any assessable insurer with a surplus as to
804 policyholders of \$25 million or less writing 25 percent or more
805 of its total countrywide property insurance premiums in this
806 state may petition the office, within the first 90 days of each
807 calendar year, to qualify as a limited apportionment company. A
808 regular assessment levied by the corporation on a limited
809 apportionment company for a deficit incurred by the corporation
810 for the high-risk account in 2006 or thereafter may be paid to
811 the corporation on a monthly basis as the assessments are
812 collected by the limited apportionment company from its insureds

21-00469C-10

2010876__

813 pursuant to s. 627.3512, but the regular assessment must be paid
814 in full within 12 months after being levied by the corporation.
815 A limited apportionment company shall collect from its
816 policyholders any emergency assessment imposed under sub-
817 subparagraph (b)3.d. The plan shall provide that, if the office
818 determines that any regular assessment will result in an
819 impairment of the surplus of a limited apportionment company,
820 the office may direct that all or part of such assessment be
821 deferred as provided in subparagraph (p)4. However, there shall
822 be no limitation or deferment of an emergency assessment to be
823 collected from policyholders under sub-subparagraph (b)3.d.

824 14. Must provide that the corporation appoint as its
825 licensed agents only those agents who also hold an appointment
826 as defined in s. 626.015(3) with an insurer who at the time of
827 the agent's initial appointment by the corporation is authorized
828 to write and is actually writing personal lines residential
829 property coverage, commercial residential property coverage, or
830 commercial nonresidential property coverage within the state.

831 15. Must provide, by July 1, 2007, a premium payment plan
832 option to its policyholders which allows at a minimum for
833 quarterly and semiannual payment of premiums. A monthly payment
834 plan may, but is not required to, be offered.

835 16. Must limit coverage on mobile homes or manufactured
836 homes built prior to 1994 to actual cash value of the dwelling
837 rather than replacement costs of the dwelling.

838 17. May provide such limits of coverage as the board
839 determines, consistent with the requirements of this subsection.

840 18. May require commercial property to meet specified
841 hurricane mitigation construction features as a condition of

21-00469C-10

2010876

842 eligibility for coverage.

843 19.a. Shall require the agent to obtain from any applicant
844 for coverage the following acknowledgement, signed by the
845 applicant, and shall require the agent of record to obtain the
846 following acknowledgment from each corporation policyholder,
847 signed by the policyholder, prior to the policy's first renewal
848 after the effective date of this act:

849
850 ACKNOWLEDGEMENT OF POTENTIAL SURCHARGE AND ASSESSMENT

851 LIABILITY:

852 1. I UNDERSTAND, AS A CITIZENS PROPERTY INSURANCE
853 CORPORATION POLICYHOLDER, THAT IF THE CORPORATION
854 SUSTAINS A DEFICIT AS A RESULT OF HURRICANE LOSSES OR
855 FOR ANY OTHER REASON, MY POLICY COULD BE SUBJECT TO
856 CITIZENS POLICYHOLDER SURCHARGES, WHICH WOULD BE DUE
857 AND PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION
858 OF THE POLICY, AND THAT THE SURCHARGES COULD BE AS
859 HIGH AS 15 PERCENT OF MY PREMIUM FOR DEFICITS IN EACH
860 OF THREE CITIZENS ACCOUNTS, OR A DIFFERENT AMOUNT AS
861 ESTABLISHED BY THE FLORIDA LEGISLATURE.

862 2. I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO
863 EMERGENCY ASSESSMENTS TO THE SAME EXTENT AS
864 POLICYHOLDERS OF OTHER INSURANCE COMPANIES.

865
866 b. The corporation shall permanently maintain a signed copy
867 of the signed acknowledgement required by this subparagraph, and
868 the agent may also retain a copy.

869 c. The signed acknowledgement form creates a conclusive
870 presumption that the policyholder understood and accepted his or

21-00469C-10

2010876

871 her potential surcharge and assessment liability as a Citizens
 872 policyholder.

873 Section 3. Section 627.7031, Florida Statutes, is created
 874 to read:

875 627.7031 Residential property insurance option.-

876 (1) An insurer holding a certificate of authority to write
 877 property insurance in this state may offer or renew policies at
 878 rates established in accordance with s. 627.062(2)(1), subject
 879 to all of the requirements and prohibitions of this section.

880 (2) An insurer offering or renewing policies at rates
 881 established in accordance with s. 627.062(2)(1) may not purchase
 882 coverage from the Florida Hurricane Catastrophe Fund under the
 883 temporary increase in coverage limit option under s.
 884 215.555(17).

885 (3) (a) Before the effective date of a newly issued or
 886 renewal policy at rates established in accordance with s.
 887 627.062(2)(1), the applicant or insured must be given the
 888 following notice, printed in at least 12-point boldfaced type:

890 THE RATE FOR THIS POLICY IS NOT SUBJECT TO FULL RATE
 891 REGULATION BY THE FLORIDA OFFICE OF INSURANCE REGULATION AND MAY
 892 BE HIGHER THAN RATES APPROVED BY THAT OFFICE. A RESIDENTIAL
 893 PROPERTY POLICY SUBJECT TO FULL RATE REGULATION REQUIREMENTS MAY
 894 BE AVAILABLE FROM THIS INSURER, ANOTHER INSURER, OR CITIZENS
 895 PROPERTY INSURANCE CORPORATION. PLEASE DISCUSS YOUR POLICY
 896 OPTIONS WITH AN INSURANCE AGENT WHO CAN PROVIDE A CITIZENS
 897 QUOTE. YOU MAY WISH TO VIEW THE OFFICE OF INSURANCE REGULATION'S
 898 WEBSITE AT WWW.SHOPANDCOMPARERATES.COM FOR MORE INFORMATION
 899 ABOUT CHOICES AVAILABLE TO YOU.

21-00469C-10

2010876

900
901 (b) For policies renewed at a rate established in
902 accordance with s. 627.062(2)(1), the notice described in
903 paragraph (a) must be provided in writing at the same time as
904 the renewal notice on a document separate from the renewal
905 notice, but may be contained within the same mailing as the
906 renewal notice.

907 (4) Before the effective date of a newly issued policy at
908 rates established in accordance with s. 627.062(2)(1), or before
909 the effective date of the first renewal at rates established in
910 accordance with s. 627.062(2)(1) of a policy originally issued
911 before the effective date of this section, the applicant or
912 insured must:

913 (a) Be provided or offered, for comparison purposes, an
914 estimate of the premium for a policy from Citizens Property
915 Insurance Corporation reflecting substantially similar
916 coverages, limits, and deductibles to the extent available.

917 (b) Provide the insurer or agent with a signed copy of the
918 following acknowledgement form, which must be retained by the
919 insurer or agent for at least 3 years. If the acknowledgement
920 form is signed by the insured or if the insured remits payment
921 in the amount of the rate established in accordance with s.
922 627.062(2)(1) after being mailed or otherwise provided the
923 acknowledgement form specified in this paragraph, and after
924 being mailed, otherwise provided, or offered the comparison
925 specified in paragraph (a), an insurer renewing a policy at such
926 rate shall be deemed to comply with this section, and it is
927 presumed that the insured has been informed and understands the
928 information contained in the comparison and acknowledgement

21-00469C-10

2010876__

929 forms:

930

931 ACKNOWLEDGEMENT

932 1. I HAVE REVIEWED THE REQUIRED DISCLOSURES AND THE
 933 REQUIRED PREMIUM COMPARISON.

934 2. I UNDERSTAND THAT THE RATE FOR THIS RESIDENTIAL PROPERTY
 935 INSURANCE POLICY IS NOT SUBJECT TO FULL RATE REGULATION BY THE
 936 FLORIDA OFFICE OF INSURANCE REGULATION AND MAY BE HIGHER THAN
 937 RATES APPROVED BY THAT OFFICE.

938 3. I UNDERSTAND THAT A RESIDENTIAL PROPERTY INSURANCE
 939 POLICY SUBJECT TO FULL RATE REGULATION REQUIREMENTS MAY BE
 940 AVAILABLE FROM CITIZENS PROPERTY INSURANCE CORPORATION.

941 4. I UNDERSTAND THAT THE FLORIDA OFFICE OF INSURANCE
 942 REGULATION'S WEBSITE WWW.SHOPANDCOMPARERATES.COM CONTAINS
 943 RESIDENTIAL PROPERTY INSURANCE RATE COMPARISON INFORMATION.

944 5. I UNDERSTAND THAT IF CITIZENS PROPERTY INSURANCE
 945 CORPORATION INCURS A DEFICIT BECAUSE OF HURRICANE LOSSES OR
 946 OTHER LOSSES, I MAY BE REQUIRED TO PAY AN ASSESSMENT BASED UPON
 947 THE PREMIUM FOR THIS POLICY AND THAT A POLICYHOLDER OF CITIZENS
 948 PROPERTY INSURANCE CORPORATION MAY BE REQUIRED TO PAY A
 949 DIFFERENT ASSESSMENT.

950

951 (5) The following types of residential property insurance
 952 policies are not eligible for rates established in accordance
 953 with s. 627.062(2)(1) and are not subject to the other
 954 provisions of this section:

955 (a) Residential property insurance policies that exclude
 956 coverage for the perils of windstorm or hurricane.

957 (b) Residential property insurance policies that are

21-00469C-10

2010876__

958 subject to a consent decree, agreement, understanding, or other
959 arrangement between the insurer and the office relating to rates
960 or premiums for policies removed from Citizens Property
961 Insurance Corporation.

962 (6) Notwithstanding s. 627.4133, an insurer that has issued
963 a policy under this section shall provide the named insured
964 written notice of nonrenewal at least 180 days before the
965 effective date of the nonrenewal as to subsequent nonrenewals.
966 However, this subsection does not prohibit an insurer from
967 cancelling a policy as permitted under s. 627.4133. The offer of
968 a policy at rates authorized by this section constitutes an
969 offer to renew the policy at the rates specified in the offer
970 and does not constitute a nonrenewal.

971 Section 4. This act shall take effect January 1, 2011.