

2007A INSURANCE LEGISLATION
Summary & Analysis with Comments
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FLORIDA ASSOCIATION OF INSURANCE AGENTS
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SUBJECT	PAGE & STATUTE NUMBERS	FINAL PROVISION	COMMENTS
PROPERTY INSURANCE			
Property Insurance, CS/HB 1A			
Insurance Company Accountability & Regulatory Reform	p. 66 §624.407	Require all Florida-only subsidiaries to have a surplus of at least \$50 million in liquid assets.	<i>Only applies to those insurers transacting residential property insurance.</i>
	pp. 144-145	Prohibit excess profits by property insurers and require return of excess profits to policyholders. An insurance company earns an excess profit when its surplus (<i>cash on hand</i>) exceeds its PML (<i>probable maximum loss</i>) for a 250-year return period and it has earned a net underwriting gain (<i>actual premiums – losses + expenses</i>) in Florida in excess of 10 percent above its anticipated underwriting profit over the most recent 10-year period.	<i>Joins other lines of auto and workers' compensation that also have excess profits provisions.</i>
	pp.83-84 §627.062	Suspend until December 31, 2008, the "use and file" procedure for rate increases.	<i>Insurance companies will have to seek and obtain OIR approval before implementing a rate increase during this two-year period as they normally do using the "file and use" provision.</i>
	pp. 91-92 §627.062	Suspend until December 31, 2008, the arbitration procedure for resolving rate disputes.	<i>During this two-year period, all rate filing disputes would be settled, as they used to be, according to the Administrative Procedures Act within the Division of Administrative Hearings.</i>
	pp.92-93 §627.062	Require an oath of truth, with penalty of perjury, for rate filings which must be signed by the insurance company's CEO or CFO and actuary. The signed oath must state the rate filing reflects all premium savings reasonably expected to result from legislative enactments. Violation is an unfair trade practice, subjecting the insurance company to disciplinary actions against its license.	<i>This provision is effective March 1, 2007. While it creates liability for signing the affidavit, the signing officer or actuary must <u>knowingly</u> make a false statement in order for the provision to apply.</i>
	p. 150 §627.7018	Require insurance companies to evaluate the hurricane security of a structure rather than the date of construction when determining risk. Age of the home may not be used as the sole reason for rejection of coverage.	<i>Some carriers were rejecting totally rebuilt homes due to age although they were rebuilt under the new codes.</i>

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	p. 175	Require any insurance company that writes homeowners policies in other states and writes auto insurance in Florida to sell homeowners insurance in Florida, unless an affiliate writes homeowners in Florida. This is effective January 1, 2008.	<i>There is no limitation on the number of homeowners policies that must be written. A literal reading of the language could mean that writing a single homeowners policy would fulfill the requirement. Earlier drafts of the bill gave the OIR authority to require a level of participation. Look for this to be addressed in a "glitch" bill during the regular session in March.</i>
	pp. 156-157 §627.713	Require insurance companies to provide greater loss reporting information to the OIR.	
	p.143 §627.4133	Require insurance companies to give at least 100-days written notice, or written notice by June 1, whichever is earlier, for any non-renewal, cancellation, or termination of a homeowners policy that would be effective between June 1 and November 30.	<i>Keeps policies from being non-renewed during hurricane season and means that when non-renewing a policy to be effective after September 8, and before December 1, the notice must be given by June 1.</i>
	p. 145 §627.70131	Require insurance companies to expedite payment of property claims. Insurance companies must pay or deny property claims within 90 days of notice of the claims with an exception for factors beyond the control of the insurer. Violation is subject to penalty under the Insurance Code, subjecting the insurance company to disciplinary actions against its license.	<i>This provision also applies to Citizens.</i>
Expanding Consumer Choice & Savings	pp. 145-150 §627.701	The bill rewrites §627.701(3), F.S., to set forth a new set of exclusions and deductibles for personal lines residential property coverage.	
	pp. 145-150 §627.701	A personal lines residential property policy covering a risk valued at less than \$500,000 may not have a hurricane deductible in excess of 10 percent of the policy dwelling limits <u>unless</u> the following conditions are met: ◆ The policyholder must personally write and provide the insurer the following statement in his or her own handwriting and sign his or her name: "I DO NOT WANT THE INSURANCE ON MY HOME TO PAY FOR THE FIRST (SPECIFY DOLLAR VALUE) OF DAMAGE FROM HURRICANES. I WILL PAY THOSE COSTS. MY INSURANCE WILL NOT."	<i>The statement must also be signed by every other named insured on the policy and also dated. The House wanted the insured to just sign a form to that effect, but the Senate insisted that the statement be in the policyholder's own handwriting.</i>

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		<p>◆ If the structure insured is subject to a mortgage or lien, the policyholder must provide the insurer with a written statement from the mortgage-holder or lien-holder, indicating their approval of the policyholder electing to have the specified deductible.</p>	<p><i>An earlier version of the bill allowed for a deductible of 50 percent of the policyholder's equity in the property, but banks indicated that this would cause problems for the secondary mortgage market.</i></p>
	pp. 145-150 §627.701	<p>A deductible subject to this provision applies for the term of the policy and for each renewal unless the policyholder elects otherwise.</p>	<p><i>Earlier versions of the bill required a new handwritten signed statement at each renewal.</i></p>
	pp. 145-150 §627.701	<p>The insurer shall keep the original copy of the signed statement and provide a copy to the policyholder providing the signed statement.</p>	<p><i>The Financial Services Commission (FSC) shall adopt appropriate alternatives for those who can't write the statement due to a handicap. The bill is silent as to those non-English speaking homeowners who may not be able to write the statement in English.</i></p>
	pp. 145-150 §627.701	<p>The signed statement creates a presumption that there was an informed, knowing election of coverage.</p>	<p><i>This is similar to the presumption in current law for the rejection of stacked uninsured motorist coverage in the auto law.</i></p>
	pp.154-156 §627.712	<p>There is a similar requirement that insurers offer the option of excluding hurricane coverage or windstorm coverage. It has a similar requirement of a handwritten statement by the policyholder:</p> <p style="padding-left: 40px;">"I DO NOT WANT THE INSURANCE ON MY (HOME/MOBILE HOME/CONDOMINIUM UNIT) TO PAY FOR DAMAGE FROM WINDSTORMS OR HURRICANES. I WILL PAY THOSE COSTS. MY INSURANCE WILL NOT."</p>	<p><i>Like the provisions on deductibles, the statement must be signed, dated, and, if there is a mortgage or lien, have the written permission of the mortgage-holder or lien-holder, and is good until the policyholder elects otherwise.</i></p>
	pp.155-156 §627.712	<p>There is a similar provision for excluding coverage for contents. However, unlike the deductible and windstorm exclusions, there is no requirement of mortgage-holder or lien-holder permission, and it does not apply to condominium unit owners policies.</p>	<p><i>This section is effective July 1, 2007, but the OIR may delay application of this section until a date no later than October 1, 2007, upon approval by the Financial Services Commission (FSC).</i></p>
	p. 142 §627.4035	<p>Allow homeowners to choose quarterly and semi-annual installment plans to pay the premium, subject to OIR approval.</p>	<p><i>Earlier drafts of the bill required monthly payment options. However, this was dropped when both Citizens and the voluntary market insurers expressed serious concern.</i></p>

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	pp.94-95 §627.06555	Allow insurance companies to provide discounts to policyholders who obtain multiple lines of coverage through the same insurance company (e.g. a policyholder that buys auto and property insurance coverage from one company).	
	p.175	Provide legislative intent language that in the 2007 Regular Session the Legislature should create a program to help low-income Floridians pay for property insurance.	
Expanding Consumer Information	pp. 157-158 §627.7277	Identify on policy renewal notices: <ul style="list-style-type: none"> ◆ The dollar amounts recouped for assessments by the Florida Hurricane Catastrophic Fund (CAT Fund), the Citizens Property Insurance Corporation (Citizens), and the Florida Insurance Guaranty Association (FIGA). The actual names of the entities must appear next to the dollar amounts. ◆ The dollar amounts of any premium increase that is due to a rate increase and the dollar amounts that are due to coverage changes. 	<i>The FSC shall adopt rules to implement this section. It is effective August 1, 2007.</i>
	pp.81-82 §627.0613	Require the Insurance Consumer Advocate to provide an annual report card for each authorized property insurer using a letter grade scale established by the FSC. The report card shall grade each insurer on the following factors: <ul style="list-style-type: none"> ◆ The number and nature of consumer complaints received by the department against the insurer; ◆ The disposition of all complaints received by the department; ◆ The average length of time for payment of claims by the insurer; and ◆ Any other factors the FSC identifies as assisting policyholders in making informed choices about homeowners insurance. 	<i>FAIA would assert that Citizens is an “authorized insurer” for purposes of this provision and thus, they should also receive a letter grade.</i>
	pp.153-154 §627.711	Require insurance companies to provide notice of combinations of discounts, credits, rate differentials, or reductions in deductibles for windstorm mitigation.	<i>The original bill would have required insurers to provide the notice on “all” combinations, an almost impossible task, considering the hundreds of combinations that it would require.</i>
CAT Fund Reforms	pp. 21-37 §215.555	Make additional reinsurance available through the CAT Fund.	

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	pp. 21-37 §215.555	Temporary additional coverage will be available for a three-year period.	
	pp. 21-37 §215.555	CAT Fund retention for the 2007-2008 contract year will be \$6 billion. With the approval of the Legislative Budget Commission (LBC) and the State Board of Administration (SBA), comprised of the governor, CFO, and attorney general, it will be empowered to offer additional coverage BELOW the retention level to as low as \$3 billion in \$1 billion increments (i.e., \$5 billion, \$4 billion, or \$3 billion).	
	pp. 21-37 §215.555	For each billion below the retention level, the pricing of the additional reinsurance will be set at near market rates (\$1B below: 75 percent rate-on-line; \$2B below: 80 percent; \$3B below: 85 percent).	<i>This is also known as TEACO, or Temporary Emergency Additional Coverage Option.</i>
	pp. 21-37 §215.555	On the top end, the CAT Fund will make available 12 additional \$1 billion layers of coverage up to a \$28 billion total capacity (i.e., capacity of \$16B + \$12B in extra coverage layers = \$28B total).	<i>This is also known as TICL, or Temporary Increase in Coverage Limits.</i>
	pp. 21-37 §215.555	This additional coverage will be priced according to the current statutory formula for CAT Fund coverage.	
	pp. 21-37 §215.555	Also with LBC approval, the SBA could add \$4 billion more in TICL coverage to a total of \$32 billion.	
	pp. 37-38	Every residential property insurer must make a rate filing with the OIR pursuant to the “use and file” provisions of §627.062(2)(a)1, F.S., which reflects the savings or reductions in loss exposure due to the new CAT Fund changes.	
	pp. 37-38	The OIR shall specify by Order the date or dates on which the rate filings must be made and be effective in order to provide rate relief to policyholders as soon as practicable.	
	pp. 37-38	By March 15, 2007, the OIR shall calculate a “presumed factor or factors” to be used in rate filings to reflect the impact to rates of the changes made in the CAT Fund.	<i>In determining the presumed factor, the OIR shall use generally accepted actuarial techniques and standards in determining the expected impact on losses, expenses, and investment income of insurers. The OIR can contract with outside vendors to determine the factor and \$250,000 is appropriated for that purpose.</i>

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	pp. 37-38	Each residential property insurer shall reflect a rate change that takes into account the presumed factor for any policy written or renewed on or after June 1, 2007.	<i>As we go to press on this summary, the Financial Services Commission approved (on January 30, 2007) Emergency Rule 69OER07-01, which provides that rates for residential property insurance coverage shall remain at the rates in effect at the time CS/HB 1A became law (January 25, 2007) until a rate filing is made and approved using the presumed factor. In addition, an insurer may not non-renew or cancel a personal residential insurance policy, except for material misrepresentation, fraud or non-payment of premium, until that insurer makes a rate filing reflecting the presumed factor.</i>
	pp. 37-38	Any additional costs for reinsurance or loss exposure that duplicates such CAT Fund coverage may not be factored in the rate, whether or not the CAT Fund option is used. The insurer will be required to pass on to the consumers whatever savings would have been received if it purchased the CAT Fund coverage.	
	p. 26 §215.555	Suspend the rapid cash build-up factor.	<i>Estimated to save policyholders three percent on their premiums.</i>
	p. 26 §215.555	Allow the CAT Fund to use capital market tools to build its resources.	
	pp. 39-40 §215.5586	Require wind mitigation inspectors to pass a level two background check. Current law will still require all wind mitigation inspectors to complete seven hours of specialized classroom training and pass a one-hour test.	
	pp. 42-43 §215.5586	Develop and maintain a statewide list of authorized wind mitigation inspectors.	
	p. 40 §215.5586	Exempt low-income homeowners from the requirement to have an insured value of \$500,000 or less in order to participate in the program.	
	pp. 174-175	Transfer \$100 million in new federal funds from the Florida Small Cities Community Development Block Grant Program Fund to the disaster recovery program.	

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	p. 42 §215.5586	Form a public/private partnership between DFS and a not-for-profit organization to increase awareness among Florida homeowners of the benefits of mitigation.	
Uniform Home Grading Scale	p. 173	Require the FSC to develop a uniform home grading scale to grade a home's ability to withstand wind damage.	<i>Every Florida house will receive a simple grade that carries with it a specific and tailored description of its hurricane resistance strength. Consumers will then know how ready they are to face a storm and what they can do to prepare. An objective grading system will encourage homeowners to better prepare their homes against hurricane damage. Even older homes or homes located in high-risk areas, when properly retrofitted, would become less of an insurance risk. Grades will also allow potential homebuyers to make informed decisions as they will be able to consider a home's hurricane grade much as they consider factors like anticipated renovations, the quality of neighborhood schools, or potential property tax liability.</i>
Windstorm Mitigation Study Committee	pp. 170-173	<p>Create a Windstorm Mitigation Study Committee to analyze solutions and programs including, but not limited to, those that provide for:</p> <ul style="list-style-type: none"> ◆ The availability of home inspections for windstorm resistance; ◆ Grants to assist homeowners, and possibly other groups of property owners, to harden their property against windstorm damage; ◆ The full actuarial value to be reflected in premium credits for windstorm mitigation; ◆ The most effective way to inform policyholders of the availability of and means by which to obtain premium credits for windstorm mitigation; ◆ Coordination among federal, local, and private initiatives; ◆ Streamlining or strengthening applicable state, regional, and local regulations; ◆ The stimulation of public and private efforts to mitigate against windstorm injury and damage; ◆ The discovery and assessment of funding sources for windstorm mitigation; ◆ Tax incentives for windstorm mitigation; 	

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Deductible Buy Down	p. 150 §627.701	<ul style="list-style-type: none"> ◆ Consumer information concerning the benefits of windstorm mitigation, including personal safety as well as property security; and ◆ Research on windstorm mitigation. <p>If the policyholder has taken appropriate mitigation measures regarding the residence covered under the policy, the insurer <u>shall</u> provide the insured the option of selecting an appropriate reduction in the policy's hurricane deductible <u>or</u> selecting the appropriate discount credit or other rate differential as prescribed in §627.0629, F.S.</p>	<i>Current law makes this a permissible offer by the insurer, not a mandate. The insurer must provide the policyholder with notice of the options available on a form approved by the OIR.</i>
Rate Reduction	p. 89 §627.062; p. 93 §627.0629	Require insurance companies to reflect hurricane mitigation measures when determining rates.	<i>FAIA plans to offer classes meeting these new requirements in the near future.</i>
	pp. 153-154 §627.711	The OIR will develop a uniform mitigation verification inspection form to be used by all insurance companies when determining discounts for wind insurance.	
	pp. 80-81 §626.2815	The bill requires each licensed general lines insurance agent and customer representative to complete, as part of his or her required number of continuing education hours, one hour of CE, approved by the department, every two years on the subject matter of premium discounts available on property insurance policies based on various hurricane mitigation options and the means for obtaining the discounts.	
Uniform Building Code	p. 65	Eliminate the Panhandle exemption to the Florida Building Code by adopting the International Building Code and International Residential Code without exceptions as a uniform statewide building code. Delete the internal pressurization option for buildings in the 120 mph wind zone.	<i>This provision became effective on January 25, 2007, with the signing of the bill.</i>
	p. 65	Eliminate all exceptions in the Florida Building Code regarding windborne debris.	<i>The Florida Building Commission shall fulfill these obligations before July 1, 2007.</i>
	p. 65	Require the Florida Building Commission to develop voluntary code plus guidelines that will increase the hurricane resistance of buildings.	

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	pp. 56-59 §555.73	Prohibit future changes to the building code unless the changes enhance the structural integrity of buildings related to wind-resistance or the prevention of water intrusion.	
Citizens' Rate Relief & Service Improvements	pp. 133-134 §627.351	Repeal the January 1, 2007, Citizens' rate change and refund the premium collected pursuant to that rate filing.	
	pp. 133-134 §627.351	Require a new rate filing for an effective date of January 1, 2008. ◆ The "rate freeze" only prohibits rate <i>increases</i> in 2007.	<i>The 2006 Monroe County agreement for lower rates is unaffected by this provision.</i>
	pp.128-133 §627.351	Eliminate the current statutory requirement that Citizens' rates be the highest. Rather, Citizens' rates will only be required to be actuarially sound as of the rate filing on January 1, 2008.	
	pp.128-133 §627.351	Eliminate the current reinsurance requirement for Citizens' rate filing. Citizens will no longer factor the cost of private reinsurance into its rate filings.	
	pp.128-133 §627.351	Rates must be actuarially sound and not excessive, inadequate, or unfairly discriminatory. Rates will not be required to cover costs of specified probable maximum losses.	
	p. 128 §627.351	Citizens will be required to file a recommended rate at least once a year and the OIR will consider the recommendations of Citizens' Board, but the OIR establishes Citizens' actual rates and must do so within 45 days of the filing.	<i>Since this means that the OIR will actually set the rates, Citizens may not pursue an administrative challenge or judicial review of the final order of the OIR.</i>
	p. 110 §627.351	Delay until 2008 the requirement that Citizens impose a 10 percent of premium assessment on non-homestead policyholders if a deficit occurs.	
	p. 110 §627.351	Delay until 2008 the requirement that Citizens impose a 10 percent renewal surcharge on all Citizens policyholders after a deficit if the first 10 percent on non-homestead policyholders is not sufficient.	

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	pp. 101-103 §627.351	Authorizes Citizens to write multi-peril policies in the areas eligible for coverage in the High-Risk Account (HRA). They cannot write this coverage before approval of a new business plan, and, in no event, prior to March 31, 2007.	<i>This authorization is subject to approval of a business plan by both the FSC and the LBC. Citizens shall prepare the business plan by March 1, 2007, and it shall be approved or disapproved within 30 days of receipt. In addition to this business plan, earlier drafts of the bill contained a requirement that DFS study agents' commissions in Citizens and in the voluntary market to determine whether agents have been receiving unearned windfalls as a result of increased premiums. FAIA was successful in lobbying for the removal of these studies from the bill.</i>
	p. 110 §627.351	<p>The business plan must include:</p> <ul style="list-style-type: none"> ◆ The impact of such coverage on Citizens' financial resources; ◆ The impact of such coverage on Citizens' tax free status; ◆ The manner in which Citizens plans to implement the processing of applications and the policy forms for new and existing policyholders; ◆ The impact of multi-peril coverage on Citizens' ability to deliver customer service at the high level required by the new law; ◆ The ability of Citizens to process claims; ◆ The ability to quote and issue policies; ◆ The impact of such multi-peril policies on Citizens' agents; ◆ The impact of such multi-peril coverage on Citizens' existing policyholders; and ◆ The impact of such multi-peril coverage on rates and premiums. 	<i>Since Citizens was originally set up to be a market of last resort, some legislators expressed concern that the expansion of Citizens into direct competition with the voluntary market could adversely affect its tax-free status.</i>
	p. 110 §627.351	Citizens will be required to continue to offer wind-only policies in the HRA areas.	
	p. 110 §627.351	The bill states a legislative goal that this will result in an overall average savings of 10 percent or more for a policyholder who currently has a wind-only policy with Citizens, and an ex-wind policy with a voluntary insurer or Citizens, and who then obtains a multi-peril policy with Citizens.	

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	p. 140 §627.351	Allow the SBA to invest and manage Citizens' assets.	
	pp. 127-128 §627.351	Allow the Citizens' Board to set coverage limits in all accounts.	
	pp. 166-170	<p>Create a task force to review Citizens' outstanding claims, make recommendations for disposing of outstanding claims, and recommend revisions to Citizens' claims-handling process.</p> <ul style="list-style-type: none"> ◆ The first report, due July 1, 2007, will offer recommendations for Citizens to resolve and dispose of open claims from the 2004 and 2005 hurricane seasons. ◆ The second report, due July 1, 2008, will focus more generally on future improvements in claims handling and disposition. 	
	p. 117 §627.351	Citizens' Board members serve at the pleasure of those state officers who have appointed them and may be removed from the board at any time for whatever reason by the officer who appointed them (the Governor, CFO, Speaker of the House, and Senate President).	<i>The original bill removed the members of almost every insurance-related board, including those of FIGA and the WCJUA, and replaced them with new appointments. This change merely clarifies current law that the board of Citizens serves at the pleasure of the appointing entities.</i>
	p. 123 §627.351	Corrects a technical deficiency in Florida Market Assistance Plan (FMAP) relating to real estate closings that occur during the 10-day waiting period for Citizens.	
	p.139 §627.351	Specify that takeout policies removed from Citizens are considered to be the sole obligation and direct insurance of the takeout company.	<i>This clarifies that Citizens does not retain any liability for policies that have been taken out of its book of business, language which was drafted as a result of the confusion over the Poe insolvency.</i>
	pp. 100, 112 §627.351; pp. 140-141	Move all commercial non-residential policies out of the PCJUA and place them in Citizens.	<i>This means that Citizens will write commercial coverage statewide and arguably will cover the first \$1 million on commercial property, although this is subject to the coverage limits approved by Citizens' Board.</i>

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	p. 128 §627.351	Citizens would be allowed to require commercial properties to meet specified mitigation construction features in order to be eligible for coverage.	
	pp. 140-141	As soon as it is reasonably able to do so, Citizens shall adopt, subject to OIR approval, a plan providing for transition of the commercial coverage under such forms, rates, terms and conditions as the Citizens' Board considers appropriate.	<i>The OIR may allow the PCJUA to continue to issue its coverage until such time that Citizens begins issuing policies.</i>
	pp. 140-141	The plan shall include any contractual agreements between Citizens and the PCJUA that are required to effectuate the transfer.	
	pp. 140-141	In the transition, Citizens may assume policies or otherwise provide coverage for commercial non-residential policyholders of the PCJUA and may also provide for allocation of the appropriate accounts, assets, liabilities, losses, and expenses associated with policies of the PCJUA that are assumed or otherwise covered by Citizens.	<i>There is legislative intent that the transition plan be implemented in a manner that does not adversely affect the creditworthiness of, or security for, currently outstanding agreements or facilities of the HRA, the Personal Lines Account (PLA), or the Commercial Lines Account (CLA) of Citizens.</i>
	pp. 98-99 §627.351	Require buildings that are 2,500 feet on the landward side of the Coastal Construction Control Line to be built to code plus standards in order to be eligible for Citizens' coverage or up to the standards of the Miami-Dade building code if such standards have not yet been created. It applies to properties constructed on or after January 1, 2009.	
	p. 99 §627.351	Remove the requirement that non-homestead policies are ineligible for coverage in Citizens beginning March 1, 2007, unless rejected by three surplus lines and one authorized insurance companies.	<i>Although the bill repeals the ineligibility status of non-homestead properties and the requirement that agents obtain the declinations in order to re-establish eligibility, agents are still required to process the Citizens HS-1 forms to assist in determining homestead v. non-homestead status for assessment purposes.</i>
	p. 162	Require Citizens to be subject to assessments by FIGA, which levies assessments when it assumes the liabilities of bankrupt insurance companies.	
	pp. 109-110 §627.351	Expand Citizens' assessment base to match that of the CAT Fund, which is all lines of property and casualty insurance except for workers' compensation and medical malpractice.	<i>This essentially expands Citizens' assessment base from \$9 billion to \$30 billion.</i>

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	pp. 118-119 §627.351	Current Citizens' policyholders can stay in Citizens unless they decide to take a policy with a private carrier.	<i>This renders moot all of the current methods of de-population of Citizens, such as traditional takeouts.</i>
	pp. 118-119 §627.351	Those seeking new coverage in Citizens may only obtain it if they receive an offer from a private company that is more than 25 percent greater than comparable coverage in Citizens.	
	pp. 141-142 §627.3515	Requires Citizens to develop a business plan and present it to the FSC for approval by September 1, 2007. The plan shall provide for the implementation of an electronic database for the purpose of confirming eligibility for coverage in Citizens.	<i>The provision explicitly states that there shall be no liability on the part of, and no cause of action of any nature shall rise against, any authorized insurer, its employees, or agents, acting within the scope of their authority and performing their duties or responsibilities under this provision. The language regarding this database was developed by and lobbied for by FAIA to keep policies from going into Citizens that are ineligible because of an admitted market offer.</i>
Market Incentives & Regulatory Reforms	pp. 17-21 §163.01; pp. 44-45 §395.106 pp. 69-70 §624.4625	Allow risk pooling of “like” entities, such as hospitals, municipalities, condominium associations, and not-for-profit corporations.	
	p. 67 §624.462; p. 68 §624.4622; pp. 68-71 §624.4625	Relax restrictions on multi-family dwellings, condominium associations, and other such entities that self-insure.	
	pp. 162-164 §718.111	Limit insurance requirements in the Condominium Act to “residential condominiums.” Also specify that “adequate insurance” for a group of at least three communities operating as residential condominiums, cooperatives, homeowners’ associations, or timeshares must be adequate to cover a 250-year PML windstorm event.	<i>This appears to have the effect of deleting the commercial condominium insurance requirements from the statutes and allowing the contract to control.</i>

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	pp. 77-78 §624.610	<p>The bill amends §624.610, F.S., to allow the OIR to waive or lower the deposit requirement for re-insurers licensed in other countries based on criteria related to the financial strength of the reinsurer and the quality of the regulation of the regulating jurisdiction. The criteria to be considered by the OIR includes the following:</p> <ul style="list-style-type: none"> ◆ The assuming insurer holds surplus in excess of \$100 million and has a secure financial strength rating from at least two nationally-recognized statistical rating organizations deemed acceptable to the commissioner. ◆ The domiciliary regulatory jurisdiction of the assuming insurer. ◆ The structure and authority of the domiciliary regulation for solvency requirements and the financial surveillance of the re-insurer. ◆ The substance of financial and operating standards for the re-insurer. ◆ The form and substance of financial reports required. ◆ The domiciliary regulator's willingness to cooperate with U.S. regulators in general and the OIR in particular. ◆ The history of performance by the reinsurer in the domiciliary jurisdiction. ◆ Any documented evidence of substantial problems with enforcement of valid U.S. judgments in the domiciliary jurisdiction. ◆ Any other matters deemed relevant by the commissioner. 	<p><i>The commissioner may, in lieu of granting full credit under this subsection, reduce the amount required to be held in trust under §624.610(3)(c), F.S. This would allow reinsurance companies based in other countries to have the same market access as domestic reinsurance companies provided they meet Florida's regulatory standards.</i></p>
	pp. 89-91 §627.062	<p>Repeal the deregulation provisions allowing insurance companies to raise or lower rates within a certain percentage without OIR review (i.e., "rate flex").</p>	
	pp. 43-44 §215.5595	<p>Reduce the amount of funds insurance companies writing coverage for manufactured homes must put up to receive a state funding match in the Capital Buildup Incentive Program (surplus notes program). Insurance companies that write new coverage for manufactured homes will now be allowed to participate in the existing program, but will only have to contribute \$7 million in new capital in order to participate. They would also be given first priority for fund distribution.</p>	

SUBJECT	PAGE & STATUTE NUMBERS	FINAL PROVISION	COMMENTS
	<p>pp. 150-153 §627.706</p>	<p>Create a bifurcated system for obtaining sinkhole coverage by creating definitions for and differentiating between a “catastrophic ground cover collapse” and a “sinkhole.” All property insurance policies will include full coverage for catastrophic ground cover collapse, including coverage for contents and the structure. Insurers shall make available, for an appropriate additional premium, coverage for regular sinkhole loss. A policyholder may choose to go without sinkhole coverage after signing a plain declaration. Insurers offering policies that exclude coverage for regular sinkhole loss shall inform policyholders in bold type of not less than 14 points as follows:</p> <p style="text-align: center;">“YOUR POLICY PROVIDES COVERAGE FOR A CATASTROPHIC GROUND COVER COLLAPSE THAT RESULTS IN THE PROPERTY BEING CONDEMNED AND UNINHABITABLE. OTHERWISE, YOUR POLICY DOES NOT PROVIDE COVERAGE FOR SINKHOLE LOSSES. YOU MAY PURCHASE ADDITIONAL COVERAGE FOR SINKHOLE LOSSES FOR AN ADDITIONAL PREMIUM.”</p>	<p>A “catastrophic ground cover collapse” is defined in the bill as a geological activity that results in <u>all</u> of the following:</p> <ul style="list-style-type: none"> ◆ The abrupt collapse of the ground cover; ◆ A depression in the ground cover clearly visible to the naked eye; ◆ Structural damage to the building, including the foundation; and ◆ The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that jurisdiction.
	<p>pp. 150-153 §627.706</p>	<p>On or before June 1, 2007, every insurer authorized to transact property insurance in Florida shall make a filing relating to catastrophic ground cover collapse. The coverage may not go into effect until the effective date provided for in the filing approved by OIR.</p>	<p>Requiring coverage for “catastrophic ground cover collapse” only should help the market in Pasco, Hillsborough, and Hernando counties where there have been many frivolous lawsuits due to the previously required broad coverage for “sinkhole” losses.</p>
	<p>pp. 158-162 §631.57</p>	<p>Clarify prior statutory language that allows FIGA to use its assessment authority to directly pay claims of an insolvent insurer or to use its assessment proceeds to retire bonds issued to pay such claims.</p>	
		<p>Effective date: January 25, 2007, except as otherwise provided. Chapter No. 2007-1, LOF.</p>	

This summary & analysis was prepared by the

**FLORIDA ASSOCIATION OF INSURANCE AGENTS
GOVERNMENTAL AFFAIRS DEPARTMENT**

Laura B. Pearce, Esq.

Kyle Ulrich

S. James Brainerd, AAI, CAE, Esq.



P.O. Box 12129

Tallahassee, FL 32317-2129

Telephone: 850-893-4155

Fax: 850-668-2852

Web site: <http://www.faia.com>