

1 A bill to be entitled
2 An act relating to property insurance; amending s.
3 627.062, F.S.; requiring residential property
4 insurance rate filings to account for windstorm
5 mitigation measures undertaken by policyholders;
6 amending s. 627.0629, F.S.; requiring wind uplift
7 prevention to be included in windstorm damage
8 mitigation techniques for residential property
9 insurance rate filings; amending s. 627.351, F.S.;
10 revising rate change limitations for specified
11 policies written by the Citizens Property Insurance
12 Corporation; revising the applicability of flood
13 coverage requirements for personal lines residential
14 policyholders of the corporation; revising flood
15 insurance coverage requirements for Citizens Property
16 Insurance Corporation; authorizing the corporation to
17 adopt policy forms that provide for the resolution of
18 certain disputes in proceedings before the Division of
19 Administrative Hearings; providing that such policies
20 are not subject to mandatory binding arbitration
21 provisions; authorizing the corporation to contract
22 with the division to conduct proceedings; creating s.
23 627.7155, F.S.; requiring property insurers to verify
24 coverage for the peril of flood in certain
25 circumstances; prohibiting issuance of coverage for

26 | the peril of wind in certain circumstances; requiring
 27 | an acknowledgement; specifying a type of acceptable
 28 | proof of coverage; providing an appropriation;
 29 | requiring a wind-loss mitigation study conducted by
 30 | the Office of Insurance Regulation; providing
 31 | requirements for the study; providing reporting
 32 | requirements; providing an effective date.
 33 |

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

35 | Section 1. Paragraph (j) of subsection (2) of section
 36 | 627.062, Florida Statutes, is amended to read:

37 | 627.062 Rate standards.—

38 | (2) As to all such classes of insurance:

39 | (j) With respect to residential property insurance rate
 40 | filings, the rate filing must account for mitigation measures
 41 | undertaken by policyholders to reduce hurricane losses and
 42 | windstorm losses.
 43 |

44 | The provisions of this subsection do not apply to workers'
 45 | compensation, employer's liability insurance, and motor vehicle
 46 | insurance.

47 | Section 2. Subsection (1) of section 627.0629, Florida
 48 | Statutes, is amended to read:

49 | 627.0629 Residential property insurance; rate filings.—

50 | (1) It is the intent of the Legislature that insurers

51 provide savings to consumers who install or implement windstorm
52 damage mitigation techniques, alterations, or solutions to their
53 properties to prevent windstorm losses. A rate filing for
54 residential property insurance must include actuarially
55 reasonable discounts, credits, or other rate differentials, or
56 appropriate reductions in deductibles, for properties on which
57 fixtures or construction techniques demonstrated to reduce the
58 amount of loss in a windstorm have been installed or
59 implemented. The fixtures or construction techniques must
60 include, but are not limited to, fixtures or construction
61 techniques that enhance wind uplift prevention, roof strength,
62 roof covering performance, roof-to-wall strength, wall-to-floor-
63 to-foundation strength, opening protection, and window, door,
64 and skylight strength. Credits, discounts, or other rate
65 differentials, or appropriate reductions in deductibles, for
66 fixtures and construction techniques that meet the minimum
67 requirements of the Florida Building Code must be included in
68 the rate filing. The office shall determine the discounts,
69 credits, other rate differentials, and appropriate reductions in
70 deductibles that reflect the full actuarial value of such
71 revaluation, which may be used by insurers in rate filings.

72 Section 3. Effective upon becoming a law, paragraphs (n)
73 and (aa) of subsection (6) of section 627.351, Florida Statutes,
74 are amended, and paragraph (ll) is created, to read:

75 627.351 Insurance risk apportionment plans.—

76 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

77 (n)1. Rates for coverage provided by the corporation must
 78 be actuarially sound pursuant to s. 627.062 and not competitive
 79 with approved rates charged in the admitted voluntary market so
 80 that the corporation functions as a residual market mechanism to
 81 provide insurance only when insurance cannot be procured in the
 82 voluntary market, except as otherwise provided in this
 83 paragraph. The office shall provide the corporation such
 84 information as would be necessary to determine whether rates are
 85 competitive. The corporation shall file its recommended rates
 86 with the office at least annually. The corporation shall provide
 87 any additional information regarding the rates which the office
 88 requires. The office shall consider the recommendations of the
 89 board and issue a final order establishing the rates for the
 90 corporation within 45 days after the recommended rates are
 91 filed. The corporation may not pursue an administrative
 92 challenge or judicial review of the final order of the office.

93 2. In addition to the rates otherwise determined pursuant
 94 to this paragraph, the corporation shall impose and collect an
 95 amount equal to the premium tax provided in s. 624.509 to
 96 augment the financial resources of the corporation.

97 3. After the public hurricane loss-projection model under
 98 s. 627.06281 has been found to be accurate and reliable by the
 99 Florida Commission on Hurricane Loss Projection Methodology, the
 100 model shall be considered when establishing the windstorm

101 | portion of the corporation's rates. The corporation may use the
102 | public model results in combination with the results of private
103 | models to calculate rates for the windstorm portion of the
104 | corporation's rates. This subparagraph does not require or allow
105 | the corporation to adopt rates lower than the rates otherwise
106 | required or allowed by this paragraph.

107 | 4. The corporation must make a recommended actuarially
108 | sound rate filing for each personal and commercial line of
109 | business it writes.

110 | 5. Notwithstanding the board's recommended rates and the
111 | office's final order regarding the corporation's filed rates
112 | under subparagraph 1., the corporation shall annually implement
113 | a rate increase which, except for sinkhole coverage, does not
114 | exceed the following for any single policy issued by the
115 | corporation, excluding coverage changes and surcharges:

- 116 | a. Twelve percent for 2023.
117 | b. Thirteen percent for 2024.
118 | c. Fourteen percent for 2025.
119 | d. Fifteen percent for 2026 and all subsequent years.

120 | 6. The corporation may also implement an increase to
121 | reflect the effect on the corporation of the cash buildup factor
122 | pursuant to s. 215.555(5)(b).

123 | 7. The corporation's implementation of rates as prescribed
124 | in subparagraphs 5. and 8. shall cease for any line of business
125 | written by the corporation upon the corporation's implementation

126 of actuarially sound rates. Thereafter, the corporation shall
 127 annually make a recommended actuarially sound rate filing that
 128 is not competitive with approved rates in the admitted voluntary
 129 market for each commercial and personal line of business the
 130 corporation writes.

131 8. The following ~~For any~~ new or renewal personal lines
 132 policies ~~policy~~ written on or after November 1, 2023, are ~~which~~
 133 ~~does not cover a primary residence, the rate to be applied in~~
 134 ~~calculating premium is~~ not subject to the rate increase
 135 limitations in subparagraph 5., but ~~However, the policyholder~~
 136 may not be charged more than 50 percent above, and may not be
 137 charged less than, the established rate for the corporation
 138 which was in effect 1 year before the date of the application:

- 139 a. Policies that do not cover a primary residence; or
- 140 b. Policies where coverage for the insured risk, prior to
 141 the date of application with the corporation, was last provided
 142 by an insurer determined by the office to be unsound or an
 143 insurer placed in receivership under chapter 631.

144 9. As used in this paragraph, the term "primary residence"
 145 means the dwelling that is the policyholder's primary home or is
 146 a rental property that is the primary home of the tenant, and
 147 which the policyholder or tenant occupies for more than 9 months
 148 of each year.

149 (aa) Except as otherwise provided in this paragraph, the
 150 corporation shall require the securing and maintaining of flood

151 insurance as a condition of coverage of a personal lines
 152 residential risk. The insured or applicant must execute a form
 153 approved by the office affirming that flood insurance is not
 154 provided by the corporation and that if flood insurance is not
 155 secured by the applicant or insured from an insurer other than
 156 the corporation and in addition to coverage by the corporation,
 157 the risk will not be eligible for coverage by the corporation.
 158 The corporation may deny coverage of a personal lines
 159 residential risk to an applicant or insured who refuses to
 160 secure and maintain flood insurance. The requirement to purchase
 161 flood insurance shall be implemented as follows:

162 1. Except as provided in subparagraphs 2. and 3., all
 163 personal lines residential policyholders must have flood
 164 coverage in place for policies effective on or after:

165 a. January 1, 2024, for a structure or unit that has a
 166 dwelling replacement cost of ~~property valued at~~ \$600,000 or
 167 more.

168 b. January 1, 2025, for a structure or unit that has a
 169 dwelling replacement cost of ~~property valued at~~ \$500,000 or
 170 more.

171 c. January 1, 2026, for a structure or unit that has a
 172 dwelling replacement cost of ~~property valued at~~ \$400,000 or
 173 more.

174 d. January 1, 2027, for all other personal lines
 175 residential property insured by the corporation.

176 2. All personal lines residential policyholders whose
 177 property insured by the corporation is located within the
 178 special flood hazard area defined by the Federal Emergency
 179 Management Agency must have flood coverage in place:

180 a. At the time of initial policy issuance for all new
 181 personal lines residential policies issued by the corporation on
 182 or after April 1, 2023.

183 b. By the time of the policy renewal for all personal
 184 lines residential policies renewing on or after July 1, 2023.

185 3. Policyholders whose policies issued by the corporation
 186 do not provide coverage for the peril of wind are not required
 187 to purchase flood insurance as a condition for maintaining their
 188 policies with the corporation.

189
 190 The flood insurance required under this paragraph must meet, at
 191 a minimum, the coverage available from the National Flood
 192 Insurance Program or the requirements of subparagraphs s.
 193 627.715(1)(a)1., 2., and 3.

194 (1)1. In addition to any other method of alternative
 195 dispute resolution authorized by state law, the corporation may
 196 adopt policy forms that provide for the resolution of disputes
 197 regarding its claim determinations, including disputes regarding
 198 coverage for, or the scope and value of, a claim, in a
 199 proceeding before the Division of Administrative Hearings. Any
 200 such policies are not subject to s. 627.70154.

201 2. The corporation may contract with the Division of
 202 Administrative Hearings to conduct proceedings to resolve
 203 disputes regarding its claim determinations as may be provided
 204 for in the applicable policies of insurance.

205 Section 4. Effective October 1, 2023, section 627.7155,
 206 Florida Statutes, is created to read:

207 627.7155 Wind and flood coverage in residential and
 208 commercial property insurance policies.—For residential and
 209 commercial property insurance policies issued or renewed on or
 210 after October 1, 2023:

211 (1) If a residential or commercial property insurer
 212 requires that an insured or applicant have coverage for the
 213 peril of flood when the insurer issues a policy covering the
 214 peril of wind, the insurer must verify that the insured or
 215 applicant has coverage for the peril of flood at the time the
 216 policy is issued or renewed. If the insurer fails to verify that
 217 the insured or applicant has coverage for the peril of flood,
 218 the insurer may not issue or renew a policy containing coverage
 219 for the peril of wind. Before issuance of coverage for the peril
 220 of wind under this subsection and upon verification of coverage
 221 for the peril of flood, the insurer must obtain a written
 222 acknowledgment from the insured or applicant that the insured or
 223 applicant understands that the policy covering the peril of wind
 224 requires that coverage for the peril of flood must be maintained
 225 by the insured or applicant.

226 (2) In addition to coverage for the peril of flood
227 directly secured by the insured or applicant, a master flood
228 policy that is issued to someone other than the insured or
229 applicant and that includes the insured or applicant as an
230 intended or third-party beneficiary under the master flood
231 policy is acceptable proof of coverage for the peril of flood
232 for the purposes of this section.

233 Section 5. For the 2023-2024 fiscal year, the nonrecurring
234 sum of \$750,000 from the Insurance Regulatory Trust Fund is
235 appropriated to the Office of Insurance Regulation to
236 competitively procure a wind-loss mitigation study. The office,
237 in consultation with the Department of Business and Professional
238 Regulation and the Florida Building Commission, shall conduct a
239 residential wind-loss mitigation study to evaluate the windstorm
240 loss relativities for construction features, including, but not
241 limited to, those that enhance roof strength; roof covering
242 performance; roof-to-wall strength; wall-to-floor-to-foundation
243 strength; opening protections; and window, door, and skylight
244 strength. The study must include single-family and multifamily
245 homes, mobile homes, and manufactured housing. In addition, the
246 study must include, but need not be limited to, an analysis of
247 developed hurricane loss data for hurricanes since June 1, 2018.
248 The office may use a portion of the funds appropriated to
249 contract separately with building code experts in order to
250 implement this act and adopt rules. The findings of the study

251 shall be reported to the Governor, the President of the Senate,
252 the Speaker of the House of Representatives, the Chief Financial
253 Officer, and the Commissioner of Insurance Regulation no later
254 than July 1, 2024.

255 Section 6. Except as otherwise expressly provided in this
256 act and except for this section, which shall take effect upon
257 this act becoming a law, this act shall take effect July 1,
258 2023.