

## Legislative Update on Special Session

Florida Legislature began its special session on property insurance on Tuesday, January 16, 2007. After each house passed their respective bills, a conference committee was formed to resolve the differences between the two houses. The conference committee met beginning Thursday, January 18, 2007 and over the weekend to resolve the differences between the House and Senate.

As of January 21, 2007, the House and Senate had resolved the major issues between them, including the following:

1. The House and Senate have agreed to provide private insurance companies with the opportunity to purchase reinsurance through the state. It is expected that providing state backed reinsurance will provide significant rate reduction for policyholders.
2. The House and Senate also took action to provide rate reductions expected up to 25% for residents covered under the state's Citizens Property Insurance Corporation. The increase in premiums that went into effect January 1, 2007 is repealed and a refund to policyholders is required. Rates for 2007 are frozen but Citizens will be allowed to lower rates below rates existing on December 31, 2006. Citizens is also required to submit a new rate filing for January 1, 2008. The House and Senate also agreed to other measures that are intended to lower the cost of insurance through Citizens.
3. The House and Senate agreed to certain changes in the insurance code to provide more transparency in insurance transactions. These include requiring the CEO or CFO or an actuary to sign rate filing statements; requiring insurers to note on their premium notices the amount of any insurance assessments and the full name of the assessing authority; requiring the Insurance Consumer Advocate to provide a report card on insurance companies annually; requiring insurance companies to deny or pay a claim within 90 days of receipt of the claim; requiring insurers to provide policyholders with installment payment options to pay residential premiums; requiring insurers that offer homeowners policies in another state and offer auto insurance in Florida to also offer homeowners policies in the state.
4. The House and Senate have agreed to appoint a committee to make recommendations to improve the state's mitigation grant program. The House and Senate have also agreed to appropriate over \$100 million to be used for additional mitigation grants to homeowners. The bill modifies the illegibility requirements and the use of mitigation grants and also requires insurance companies to offer deductible reductions for mitigated homes.

5. The House and Senate have also agreed to strength the Florida Building Code by repealing the Panhandle Exemption which permitted the building of homes in the panhandle area at lower wind resistance requirements. Future changes to the code are prohibited unless the changes enhance structural integrity of the code as to wind resistance for the prevention of water intrusion. The Legislature is also providing for Florida Building Commission to develop a voluntary code-plus guidelines for increasing the hurricane resistance of buildings.
6. The House and Senate have agreed to clarify current law by allowing local governments to create self insurance risk pools to cover losses to real and personal property. In addition, they have also authorized the creation of risk pools among hospitals and community associations.

It is our understanding that the final conference bill is being prepared for final passage this afternoon. We will provide a more detailed summary once the bill has passed and we have had time to review all the changes.