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2 An act relating to sinkhole losses; amending s.
3 627.706, F.S.; authorizing an insurer offering
4 sinkhole coverage before or after a certain date to
5 nonrenew the policies of policyholders maintaining
6 sinkhole coverage in Pasco and Hernando Counties, at
7 the option of the insurer, and provide an offer of
8 coverage to such policyholders which includes
9 catastrophic ground cover collapse and excludes
10 sinkhole coverage; requiring that an insurer taking
11 such action meet specified requirements; creating s.
12 627.7063, F.S.; defining the term "sinkhole loss
13 prevention ordinance"; requiring the Financial
14 Services Commission to adopt a building code
15 effectiveness grading schedule by rule to evaluate the
16 effectiveness of sinkhole loss prevention ordinances
17 in reducing the number of sinkhole claims and the
18 severity of sinkhole losses; requiring insurance
19 discounts and surcharges based on the grade assigned
20 to a sinkhole loss prevention ordinance; providing an
21 effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

24
25 Section 1. Subsection (5) is added to section 627.706,
26 Florida Statutes, to read:

27 627.706 Sinkhole insurance; catastrophic ground cover
28 collapse; definitions.-

29 (5) An insurer offering sinkhole coverage to policyholders

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30 before or after the adoption of s. 30, chapter 2007-1, Laws of
31 Florida, may nonrenew the policies of policyholders maintaining
32 sinkhole coverage in Pasco County or Hernando County, at the
33 option of the insurer, and provide an offer of coverage to such
34 policyholders which includes catastrophic ground cover collapse
35 and excludes sinkhole coverage. Insurers acting in accordance
36 with this subsection are subject to the following requirements:

37 (a) Policyholders must be notified that a nonrenewal is for
38 purposes of removing sinkhole coverage, and that the
39 policyholder is still being offered a policy that provides
40 coverage for catastrophic ground cover collapse.

41 (b) Policyholders must be provided an actuarially
42 reasonable premium credit or discount for the removal of
43 sinkhole coverage and provision of only catastrophic ground
44 cover collapse.

45 (c) Subject to the provisions of this subsection and the
46 insurer's approved underwriting or insurability guidelines, the
47 insurer shall provide each policyholder with the opportunity to
48 purchase an endorsement to his or her policy providing sinkhole
49 coverage and may require an inspection of the property before
50 issuance of a sinkhole coverage endorsement.

51 (d) Section 624.4305 does not apply to nonrenewal notices
52 issued pursuant to this subsection.

53 Section 2. Section 627.7063, Florida Statutes, is created
54 to read:

55 627.7063 Building code effectiveness grading schedule.—

56 (1) As used in this section, the term "sinkhole loss
57 prevention ordinance" means a county ordinance that amends the
58 Florida Building Code and that is intended to reduce the number

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59 of sinkhole claims and the severity of sinkhole losses.

60 (2) The commission shall adopt a building code
61 effectiveness grading schedule by rule. The grading schedule
62 shall evaluate the effectiveness of each sinkhole loss
63 prevention ordinance in reducing the number of sinkhole claims
64 and severity of sinkhole losses. Each ordinance shall be
65 evaluated 4 years after the ordinance takes effect. The grading
66 schedule shall be based on the effectiveness of code enforcement
67 in each county and scientific, modeling, and engineering
68 methodologies. The rules shall further mandate insurance premium
69 discounts or surcharges on personal residential property
70 insurance based on a property's compliance with an ordinance and
71 the grade assigned to the applicable sinkhole loss prevention
72 ordinance.

73 Section 3. This act shall take effect January 1, 2010.