

**FINANCIAL SERVICES COMMISSION Office of Insurance Regulation**

RULE NO.: RULE TITLE:

690-170.17 Windstorm Mitigation Discounts

PURPOSE, EFFECT, AND SUMMARY: To implement the provisions of Section 627.0629, F.S., relating to credits for windstorm mitigation.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No Statement of Estimated Regulatory Cost was prepared.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative, must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 624.307(1), 624.308(1) FS.

LAW IMPLEMENTED: 624.307(1), 627.062, 627.0629(1) FS.

IF REQUESTED IN WRITING WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):

DATE AND TIME: October 2, 2006, 9:30 a.m.

PLACE: Room 116, Larson Building, 200 East Gaines Street, Tallahassee, Florida

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Richard Koon, Director, Property and Casualty Product Review, Office of Insurance Regulation, E-mail: Richard.koon@fldfs.com

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this program, please advise the Office at least 5 calendar days before the program by contacting the person listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

690-170.017 Windstorm Mitigation Shutter Discounts.

(Dfe) This rule applies to all residential property insurance rate filings filed on or after September 1, 2006. All residential property insurers must make new filings by January 1, 2007, to reflect the requirements in this rule. For the purpose of determining appropriate discounts, credits, rate differentials, or reductions in deductibles for residential properties on which shutters or other wind mitigation devices or fixtures have been installed, pursuant to Section 627.0629(1), Florida Statutes, any rate filing which provides discounts, credits, rate differentials, or reductions in deductibles consistent with any statewide rating organization plan currently approved pursuant to Section 627.062, Florida Statutes, shall be considered in compliance with the applicable requirements of Section 627.0629(1), Florida Statutes.

(b) A rate filing which does not provide at least the same level of discounts, credits, rate differentials, or reductions in deductibles as specified in such a plan will be disapproved, unless the insurer demonstrates that the discounts, credits, rate differentials, or reductions comply with the requirements of Sections 627.062 and 627.0629(1), Florida Statutes.

(2) Section 627.0629, F.S., states that discounts on an actuarially reasonable basis or appropriate reductions in deductibles must be provided in the rates for residential property insurance for fixtures or construction techniques, including minimum provisions of the Florida Building Code which have been demonstrated to reduce windstorm loss. The discounts must reflect the discounts as set forth in the appendix, which is incorporated by reference, which are based upon the studies *Development of Loss Relativities for Wind Resistive Features of Residential Structures* and *Development of Loss Relativities for Wind-Resistive Features of Residential Structures of Five or More Units*. These discounts must be used without any modification unless they are supported by detail alternate studies where all assumptions are available to the

Office for review. These public domain studies providing data and information on estimated loss reduction for wind resistive building features in residences are incorporated by reference, and are available for downloading at the website of the Florida Department of Community Affairs, at <http://www.floridadisaster.org/bnn/RCMP/Wind%20Loss/> and <http://www.floridadisaster.org^rm/RCMP/Wind%20Loss/index2.htm> respectively. Any insurer that has implemented a residential property rate filing on or after July 1, 1994, that does not provide at least the level of discounts, credits, rate differentials, or reductions in deductibles provided for in an approved rating plan referenced in subsection (1) above, or otherwise comply with the requirements of Section 627.0629(1), Florida Statutes, shall make a shutter discount filing immediately.

(3) Filings can modify other rating factors to reflect revenue impact on current business only if they have actual information on policies receiving the discounts currently to support the modification. ab— insurer— shaH— provide— te residential property insurance policy applicants at the time of procurement of the policy application actual notice of the availability— cf— discounts, credits, rate differentials, w reductions in deductibles, as well as all requirements that must be satisfied in order to qualify for such discounts, credits, rate differentials— w— reductions. —fm— aH— residential— property insurance policies in force on the effective date of this rule, an insurer shall, at the next renewal, provide such actual notice to the policyholder. After once providing such actual notice to a policyholder or policy applicant, an insurer shall not be required to again provide such notice at the time of renewal of the policy— unless the— insurer implements— changes to— its discounts, credits, rate differentials, reductions in deduotibles, or requirements that must be satisfied to qualify for such discounts, credits, rate differentials, or reductions. Failure to provide such notice shall be considered a violation of Section 626.9541(1)(a)l., Florida Statutes.

Specific Authority 624.307(1), 624.308(1) FS. Law Implemented 624.307(1), 627.062, 627.0629(1) FS. History-New 4-1-98, Formerly 4-170.017. Amended \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Richard Koon, Director, Property and Casualty Product Review, Office of Insurance Regulation  
NAME OF SUPERVISOR OR PERSON WHO APPROVED THE PROPOSED RULE: Tom Streukens, Deputy Commissioner, Office of Insurance Regulation

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: August 15, 2006

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: September 1, 2006