

Executive Summary

Board of Governors Meeting, June 19, 2019

2019 Legislative Report – Regular Session

The 2019 Legislative Session ended on Saturday, May 4th after an extension to complete the 2019-2020 General Appropriations Act. In total, Legislative and Cabinet Affairs reviewed all 1,676 general bills filed and countless amendments with potential impact to legislation of interest. A total of 174 bills passed, making the 2019 Session one of the lowest passage percentage in recent years.

The 2020 Legislative Session will convene in January of 2020. Due to the passage of a Constitutional Amendment in 2018, legislative sessions that will convene early in even-numbered years. With the early start of the 2020 Session, Interim Committee meetings will begin in Tallahassee on September 16th.

The following summary outlines each of the high priority bills for Citizens this Session which passed and has been or will be acted on by Governor DeSantis in the coming weeks.

CS/CS/HB 7065 by Representative Rommel (R-Naples):

This bill was Citizens' top priority and creates substantial changes governing the use of Assignment of Benefits (AOB). The bill contains the following key provisions:

- Requires that assignment agreements contain a 14-day rescission provision without penalty or fee.
- Requires that assignment agreements contain a provision requiring that the assignee provide the insurer with a copy of the executed agreement within 3 business days after execution of the agreement or work has begun, whichever is earlier.
- Requires that assignment agreements include a written, itemized, per-unit cost estimate of services to be performed.
- Limits the use of assignment agreements to \$3,000 or 1% of Coverage A under urgent or emergency circumstances.
- Prohibits the assignee from charging fees or penalties for mortgage processing, rescission or cancellation of the agreement or administrative fees to insureds.
- Requires that an assignee has the burden to demonstrate that the insurer is not prejudiced if the assignee fails to do certain things.
- Requires, as a condition precedent to filing suit, that assignees must submit to Examinations Under Oath and participate in appraisal or other alternative dispute methods.
- Prohibits access by assignees to s. 627.428, F.S., the "one-way fee statute" and instead prescribes a formula for the determination of who pays attorney's fees.
- Provides that insurers may make available a policy that restricts an insured's right to execute an assignment agreement if offered at a lower cost when compared to a policy offered without restriction on assignment agreements.
- Provides that Citizens may not implement a rate change in 2019 for HO-3 and DP-3 policies unless the rate filing reflects projected savings from the bill.
- Requires Citizens to provide policyholders on details on the projected rate savings of the bill.

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The bill was approved by the Governor on May 23, 2019 and will go into effect on July 1, 2019 (*627.7152(10) created by this bill took effect on May 24, 2019).

A detailed section by section breakdown of the entire bill has been included for reference.

CS/CS/HB 301 by Representative Santiago (R-Deltona):

CS/CS/HB 301 is the omnibus insurance bill incorporating a litany of changes including revising the Florida Hurricane Catastrophe Fund (FHCF) loss adjustment expense reimbursement from 5% to 10% of the reimbursed losses beginning with contracts effective on or after June 1, 2019.

Additionally, the bill revises diligent effort requirements for sale of a surplus lines policy from the replacement cost of \$1 million to \$700,000.

The Governor must act by 6/20/19. If approved the bill would take effect on July 1, 2019.

CS/CS/HB 337 by Representative Leek (R-Daytona Beach):

The bill raises the county courts' maximum jurisdictional amount for civil cases demanding money. The current maximum jurisdictional amount of the county courts in civil cases is \$15,000 or less, an amount that was set back in 1992. The bill requires that the county courts' jurisdictional amount be raised incrementally over the next three years. (January 1, 2020, raised to \$30,000 and January 1, 2023, raised to \$50,000)

As the ceiling of the county courts' jurisdictional amount is raised, the floor of the circuit courts' jurisdictional amount will be raised to correspond.

The bill retains the circuit courts' current appellate jurisdiction over county court cases demanding more than \$15,000 until January 1, 2023. The bill authorizes the Office of State Courts Administrator (OSCA) to study and provide feedback by February 1, 2021, on the impact of adjusting the county courts' jurisdiction and the feasibility of adjusting the circuit courts' appellate jurisdiction.

The bill also retains the current court filing fees by pinning the amount of the fee to the amount of monetary damages being claimed, regardless of whether the case is filed in county or circuit court.

The bill was approved by the Governor on May 24, 2019 and goes into effect on July 1, 2019.

CS/CS/CS HB 1393 by Representative Clemons (R-Jonesville):

The bill modifies several areas regulated by the Department of Financial Services (DFS). The following two provisions were included in the legislation specific to property insurance:

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- Changes the DFS property insurance mediation program to require the mediator to report a settlement through mediation to all parties after the conclusion of the mediation. The report must include the settlement amount.
- Provides the DFS the discretion to deny, suspend, revoke, or refuse to continue an insurance agency license on the grounds that another jurisdiction has taken an adverse action against a professional license held by a majority owner, partner, manager, director, officer or other controlling person of the agency.

The Governor must act by 6/20/19. If approved the bill would take effect on July 1, 2019.

HB 617 by Representative Newton (D-St. Petersburg):

The bill tweaks the statute that requires an insurer issuing a homeowners insurance policy that does not provide for the coverage of flood must provide a prescribed statement informing the policyholder that their policy does not insure against losses caused by flood. Such statement must be provided to the policyholder at issuance and renewal.

The bill was approved by the Governor on June 7, 2019 and goes into effect on July 1, 2019.

HB 7021 by Representative Leek (R-Daytona Beach):

The bill revises the administration of the submission of information relating to the disclosures of financial interests and statements of financial interests. In addition, CS/HB 7021 requires the Commission on Ethics to procure and test an electronic filing system by January 1, 2022.

The bill requires electronic submission of CE Form 6 beginning January 1, 2022, and CE Form 1 beginning January 1, 2023. The Commission on Ethics must provide notice and other communications to filers by email message and is required to provide notice to filers that any information entered electronically will be publicly released. A filer may no longer include a federal income tax return, or copy thereof, in a filing to the Commission. All disclosures must be for the calendar year rather than for either the calendar year or the taxable year. Beginning with required electronic submission of CE Form 1, filers must use the dollar value threshold method of reporting (rather than the comparative or percentage threshold).

The bill was approved and became effective on June 7, 2019.