

Executive Summary

Board of Governors Meeting, July 14, 2021

Legislative Update – 2021 Regular Session

The 2021 Legislative Session, which can be described as the most unusual Session in recent history, adjourned, as scheduled, on Friday, April 30th. Due to the pandemic The Capitol was closed throughout session with only very limited access for individual meetings with members and committee testimony in the House of Representatives. All individual meetings with Senators were conducted virtually or outside of The Capitol and all committee testimony was taken off-site at the Donald L. Tucker Civic Center.

Legislative and Cabinet Affairs reviewed all 1,839 general bills filed and hundreds of amendments for any level of impact to Citizens. A total of 248 bills passed which is slightly higher than in recent years but a mere fraction of the total number of bills filed.

Six weeks of interim committee meetings will begin on September 20th with meetings taking place between September and December. The 2022 Legislative Session will convene on January 11, 2022. During the 2022 session the legislature will craft new district boundaries through the reapportionment process which occurs every 10 years following the US Census results.

The following summary outlines each of the bills with impact on Citizens that passed have been signed into law by Governor DeSantis.

SB 76 – Property Insurance by Senator Jim Boyd (R-Bradenton)

- Provides that a personal lines residential risk seeking to be newly insured by Citizens is ineligible for coverage if it receives an offer of comparable coverage from an authorized insurer that is not more than 20 percent higher than the Citizens premium.
- Requires that Citizens' rate calculations must include the cost of reinsurance to cover its projected 100-year probable maximum loss, even when Citizens does not purchase reinsurance.
- Increases the 10 percent cap ("glide path") on Citizens' rate increases by 1% annually beginning in 2022, until the cap reaches 15% in 2026.
- Requires that the Citizens budget allocations for employee compensation and all proposed raises for an employee exceeding 10% of their current salary must be approved by the Citizens board of governors. Also, requires Citizens to have an employee compensation plan approved by the Board of Governors.
- Provides that notice of a property insurance claim or reopened claim must be provided to the insurer within 2 years of the date of loss and that a supplemental claim must be filed within 3 years of the date of loss.
- Provides for a specific structure for the award of attorney fees for residential and commercial property insurance policies, excluding assignment of benefits litigation.

Executive Summary

Board of Governors Meeting, July 14, 2021

- Specifies that fees may only be recovered under the new fee structure created in the bill and s.57.105, F.S.
- Requires that an insurer have a procedure for the prompt investigation, review, and evaluation of the noticed dispute and must investigate each claim in accordance with the Florida Insurance Code.
- Requires that the insurer respond in writing within 10 business days after receiving notice of intent to initiate litigation.
- Requires that if the insurer denied coverage, the response must: (1) accept coverage, (2) deny coverage, or (3) assert the right to re-inspect the property, which it has 14 business days to do.
- Requires that if the notice alleges the insurer did an act other than denying coverage, the insurer must respond by making a settlement offer or require the claimant to participate in appraisal or another method of alternative dispute resolution (ADR) and states that if the appraisal or ADR are not concluded within 90 days of the 10-day notice of intent to initiate litigation, the claimant may immediately file suit.
- Prohibits contractors from soliciting residential property owners using communications to a consumer that encourage, instruct, or induce a consumer to contact a contractor to file an insurance claim for roof damage.
- Prohibits contractors from offering a residential property owner consideration to perform a roof inspection or file an insurance claim.
- Prohibits contractors from offering or receiving consideration for referrals when property insurance proceeds are payable.
- Prohibits contractors from practicing unlicensed public adjusting.
- Requires that contractors provide an authorization agreement to the insured without providing a good faith estimate.
- Requires contractors to provide notice to residential property owners of duties outlined in the bill.
- Provides that violation's by contractors under the bill are subject to license discipline by the Department of Business and Professional Regulation (DBPR) and a \$10,000 fine per violation
- Prohibits contractors and subcontractors from advertising, soliciting, offering to handle, handling, or performing public adjuster (PA) services without a license. The prohibition does not prohibit the contractor from recommending that the consumer consider contacting his or her insurer to determine if the proposed repair is covered by insurance.
- Requires insurers to annually file with OIR, specified data on residential and commercial property insurance closed claims.

SB 1598 – Consumer Protection by Senator Joe Gruters (R-Sarasota)

- Provides that insurers must provide documents within specified time frames and requires the inclusion of any requested documents related to the consumer complaint that are not subject to attorney-client or work-product privilege.

Executive Summary

Board of Governors Meeting, July 14, 2021

- Allows an insured or claimant to cancel a public adjuster contract within 10 days instead of 3 business days.
- Provides that public adjuster contracts must include specific language notifying the insured of their right to cancel.
- Provides that a public adjuster must, within 60 days after the date of the contract, provided the insured a written estimate of the loss and specifies that the written estimate must include an itemized, per-unit estimate of the repairs, including itemized information on equipment, materials, labor, and supplies, in accordance with accepted industry standards.
- Specifies that a licensed contractor under part I of ch. 489 or a subcontractor of such licensee may not advertise, solicit, offer to handle, or perform public adjuster services as provided for in Florida law.
- Specifies that the prohibition does not preclude a contractor from suggesting or otherwise recommending to a consumer that the consumer consider contacting his or her insurer to determine if the proposed repair is covered under the consumer's insurance policy.
- Specifies that a licensed contractor under part I of ch. 489 or a subcontractor of such licensee may not offer to initiate or negotiate a claim on behalf of an insured or advertise services that require a license.
- Provides that The Department of Financial Services (DFS) may take administrative actions and impose fines against any persons performing claims adjusting, soliciting, or any other services described in this section without the licensure required under bill or Florida law.
- States that a public adjuster, public adjuster apprentice or a public adjusting firm that solicits a claim and does not enter into a contract with an insured or third-party claimant may not charge an insured or a third-party claimant or receive payment by any other source for any type of service related to the insured or third-party claimant's claim.
- Beginning January 1st, 2022:
 - Requires that an insurer begin investigating a claim within 14 days after receiving proof of loss statements instead of 10 business days.
 - Requires that if the loss investigation requires a physical inspection that the licensed adjuster must provide the policyholder with a printed or electronic document containing the name and state adjuster license number.
 - Requires that any subsequent communication regarding the claim also include the name and license number of the adjuster communicating about the claim.
 - Requires that an insurer maintain a record or log of each adjuster who communicates with the policyholder as provided in this section and that the list be provided to the insured, The Office of Insurance Regulation (OIR) or DFS upon request.
 - Requires that when an insurer provides a preliminary or partial estimate of damages for a claim that a prescribed statutory statement be included with the estimate in at least 12-point, bold and uppercase type. Also requires a

Executive Summary

Board of Governors Meeting, July 14, 2021

- statement be included with any payment that is not the full and final payment on a claim.
- Removes language exempting the mailing of the claims bill of rights following the declaration of a state of emergency by the Governor and makes changes to the required verbiage to be included with the Claims Bill of Rights.

HB 1079 – Agency Contracts for Commodities and Contractual Services by Representative Amber Mariann (R-Hudson)

- Requires each agency contract to include authorization for the agency to inspect certain financial and programmatic records of the contractor relevant to the performance of the contract.
- Prohibits a contract by a state agency from containing a nondisclosure clause exempting certain information from disclosure by the contractor.
- For contract renewals or amendments that result in a longer contract term or increased payments, decreases from \$10 million to \$5 million the total contract threshold for when a report concerning contract performance must be submitted to the Governor and Legislature before executing the renewal or amendment.
- Requires an agency issuing a request for quote for contractual services for any contract with 25 approved vendors or fewer, to issue a request for quote to all approved vendors. For any contract with more than 25 approved vendors, the agency must issue a request for quote to at least 25 of the approved vendors.
- Requires a description of the commodities or contractual services subject to a single source contract be electronically posted for at least 15 business days.
- Requires each agency inspector general to complete a risk-based compliance audit of all contracts executed by the agency for the preceding three fiscal years and requires the audit to identify and evaluate any trend in vendor preference.
- Requires the creation of a “continuing oversight team” for each contract \$5 million or greater and establishes meeting and reporting requirements for the teams.
- Requires that continuing oversight teams for each contract \$20 million or greater must include one member from another agency.
- Expands training requirements and delineates the roles and responsibilities of contract managers, contract negotiators, and contract administrators.
- Requires supervisors of certain contract managers and contract administrators to annually complete training in public procurement.
- Provides that a vendor who is placed on the suspended vendor list is disqualified from bidding on or renewing a contract with the state.