

# Legislative Update

**Kelly Booten, Chief Operating Officer**



## Citizens Specific Statutory Changes (various bills)

- Allows Citizens' Executive Director to appoint a designee to be a member of the Commission on Hurricane Loss Projection Methodology, as long as the designee is a full-time employee with actuarial science experience. **(CS/CS/CS/SB 418)**
- Provides that Citizens may adopt policy forms that provide for the resolution of claims disputes regarding coverage for, or the scope and value of, a claim, in a proceeding in front of the Division of Administrative Hearings (DOAH), with certain requirements. **(CS/CS/CS/HB 799)**
- Provides that on or after 11/1/2023, policies that seek to obtain coverage from Citizens following an insolvency will be subject to the same glide-path as non-primary residents (0-50%) to ensure that policyholders do not receive premium decreases when coming to Citizens. **(CS/CS/CS/HB 799)**
- Provides that, that condo-unit owners do not have to obtain flood insurance to be eligible for coverage with Citizens. **(CS/CS/CS/HB 799)**

## Citizens Specific Statutory Changes (various bills)

- Provides Citizens an exception to the 60-day underwriting timeframe change included in CS/CS/HB 1185 when policies come to Citizens following an insolvency. This exception will allow consumers and agents time to provide the necessary documentation required and to provide underwriting time to review the required documents. **(CS/CS/HB 1185)**
- Preserves and makes permanent Citizens' public records exemption for Cybersecurity data and information. One of the specific exemptions has been stricken since legislation was passed in 2022 in a broader statute that provides protection for Citizens, in a similar manner. **(HB 7035)**
- State that Citizens may not determine that a risk is ineligible for coverage with the corporation solely because such risk has unrepaired damage caused by a covered loss that is the subject of a claim that has been filed with the Florida Insurance Guaranty Association due to an insolvency. This paragraph applies to a risk until the earlier of 24 months after the date the Florida Insurance Guaranty Association began servicing such claim or the Florida Insurance Guaranty Association closes the claim. **(CS/SB 7052)**

## **CS/CS/CS/SB 418 – Insurance**

- Provides that a residential property insurer’s rate filing may estimate projected hurricane losses by using a weighted or straight average of two or more models approved by the Florida Commission on Hurricane Loss Projection Methodology.
- Provides that an insurer may file a personal lines residential property insurance rating plan that provides premium discounts, credits, and other rate differentials based on windstorm construction standards developed by an independent, nonprofit scientific research organization.
- Limits the requirement that an insurer provide a policyholder who has an automatic bank withdrawal agreement with the insurer with 10 days advance written notice of any increase in policy premiums. Instead, notice will only be required for premium increases that result in an increase in the automatic withdrawal of more than \$10 from the previous withdrawal amount.
- Revises the mandated deductibles that must be offered for hurricane loss when issuing a personal lines residential property insurance policy. For policies with a dwelling limit of:
  - \$250,000 or more, but less than \$1 million, the insurer need not offer the \$500 hurricane deductible;
  - \$1 million or more, but less than \$3 million, the insurer may, in lieu of offering the 2 percent deductible, offer a deductible amount applicable to hurricane losses equal to 3 percent of the policy dwelling limits; and
  - \$3 million or more, the insurer need not offer the 2 percent deductible.
- Revises the requirement that the waiver by a policyholder of residential windstorm coverage or contents coverage be in the policyholder's own handwriting by also allowing the waiver to be typed.

## **CS/CS/CS/HB 799 - Property Insurance**

- Provides that property insurance rate filings must provide mitigation measures including techniques that enhance wind-uplift prevention and appropriates \$750,000 to the Office of Insurance Regulation (OIR) to competitively procure a wind-loss mitigation study included, but not limited to, wind-uplift prevention and other specific mitigation enhancements.
- Provides that if a carrier requires that an applicant or insured have coverage for the peril of flood when issuing a policy for the peril of wind, unless the insurer may not deny a claim for the peril of wind solely because the insured does not have coverage for the peril of flood, unless flood coverage was verified by the insurer at the time of application or renewal. If flood coverage is verified at the time of issuance or renewal, and at the time of loss the flood coverage is no longer in-force, this requirement does not apply.

## **CS/CS/HB 1185 - Consumer Protection**

- Insurance agency and adjusting firm names: Department of Financial Services may disapprove adjusting firm names on the same grounds under which it can disapprove of insurance agency names.
- Public adjusters: significantly alters the requirements for contracts between public adjusters and insureds or claimants; provides for additional disclosures to accompany such contracts; provides for recordkeeping requirements for public adjusters.
- Insurer advertisements: establishes it is an unfair method of competition, or an unfair or deceptive act or practice, if an insurer fails to disclose a third party that it receives royalties, referral fees, or other money for sponsorship, marketing, or use of third-party branding for a health insurance contract.
- Insurance coverage for hurricanes: reduces the statutory duration that a hurricane deductible applies; defines hurricane deductible as the deductible applicable to loss caused by a hurricane.
- Insurer underwriting timeframes: reduces the time that an insurer has to cancel a policy for reasons other than material misstatement, nonpayment of premium, or failure to comply with underwriting requirements from 90 days to 60 days.

## **CS/SB 7052 - Insurer Accountability**

- Requires insurers to follow appropriate claims handling practices.
- Requires residential property insurers to create and use claims-handling manuals that follow the Insurance Code and best practice standards.
- Requires rate filings made by property insurer and motor vehicle insurers include, and OIR consider when reviewing rates, the combined effect of recent legislative reforms.
- Appropriates \$500,000 to OIR to obtain an actuarial study to develop appropriate methodology and data to implement this requirement.
- Requires OIR to update a study regarding property insurance mitigation discounts at least every 5 years.
- Increases maximum administrative fines that may be levied on insurers and insurance agents for violating the Insurance Code by 250 percent generally, and 500 percent for violations related to a declared state of emergency, including a hurricane.
- Requires insurers and agents to respond more promptly to the Department of Financial Services' (DFS) Division of Consumer Services and Agency Services regarding consumer requests/complaints.
- Increases staffing for OIR and DFS.
- Provides conditions whereby the OIR must initiate market conduct examinations of insurers following a hurricane.