

Committee on Banking and Insurance

CS/CS/SB 708 — Insurance Claims

by Appropriations Committee; Banking and Insurance Committee; and Senator Bean

The bill creates a “Homeowner Claims Bill of Rights” and requires a residential property insurer to provide a Homeowner Claims Bill of Rights to policyholders within 14 days of receiving a communication relating to a claim. The Bill of Rights informs consumers of their right to an acknowledgment within 14 days, their right to receive confirmation that a claim is covered in full or in part, that a claim is denied, or a claim is being investigated within 30 days after submitting a proof of loss form. The Bill of Rights also informs consumers of services offered by the Department of Financial Services (DFS) and provides advice for dealing with property insurance issues. The Bill of Rights does not create a civil cause of action against insurers but insurers can be disciplined by the state regulator for failing to provide it.

The bill amends provisions relating to mediators and neutral evaluators. It gives the DFS increased power to take disciplinary action against neutral evaluators similar to how the DFS may take disciplinary action against insurance agents.

The bill prohibits insurers from denying claims or canceling an insurance policy or contract based on credit information available in the public record if the insurance policy or contract has been in effect for more than 90 days.

Insurance contracts often contain an appraisal provision allowing parties who agree that there is a covered loss to use an umpire to determine the amount of the loss. This bill allows parties to disqualify an umpire for specified conflicts of interest such as where the umpire is related to one of the parties or has been employed by one of the parties.

If approved by the Governor, these provisions take effect July 1, 2014, except as otherwise provided in the bill.

Vote: Senate 37-0; House 115-0