

1 (1) The Legislature finds that many consumers who
2 filed property loss claims as a result of the hurricanes that
3 struck this state in 2004 were inadequately insured due to the
4 difficulty consumers encounter in trying to understand the
5 complex nature of property insurance policies. The purpose and
6 intent of this section is to have property and casualty
7 insurers offer standard personal lines residential property
8 insurance policies and standard checklists of policy contents,
9 in accordance with s. 627.4143, to consumers and to ensure
10 that these policies and checklists are written in a simple
11 format with easily readable language that will enable most
12 consumers to understand the principal benefits and coverage
13 provided in the policy; the principal exclusions and
14 limitations or reductions contained in the policy, including,
15 but not limited to, deductibles, coinsurance, and any other
16 limitations or reductions; and any additional coverage
17 provided through any rider or endorsement that accompanies the
18 policy and renewal or cancellation provisions.

19 (2) The Chief Financial Officer shall appoint an
20 advisory committee composed of two representatives of insurers
21 currently selling personal lines residential property
22 insurance coverage, two representatives of property and
23 casualty agents, two representatives of consumers, two
24 representatives of the Commissioner of Insurance Regulation,
25 and the Insurance Consumer Advocate or her or his designee.
26 The Chief Financial Officer or her or his designee shall serve
27 as chair of the committee. The committee shall develop policy
28 language for coverage that represents general industry
29 standards in the market for comprehensive coverage under
30 personal lines residential insurance policies and shall
31 develop a checklist to be used with each type of personal

1 lines residential property insurance policy. The committee
2 shall review policies and related forms written by Insurance
3 Services Office, Inc. The committee shall file a report
4 containing its recommendations to the office by January 1,
5 2006.

6 (3) If the Commissioner of Insurance Regulation
7 accepts the recommendations of the committee, the commissioner
8 shall issue an order approving standard personal lines
9 residential insurance policies and a checklist for each type
10 of personal lines residential insurance policy.

11 (4) Within 12 months after the effective date of the
12 order, each insurer offering similar coverage shall offer the
13 standard plan in addition to other products it is authorized
14 to offer. This does not preclude insurers from underwriting
15 risks to determine eligibility of an applicant in accordance
16 with the insurer's underwriting guidelines.

17 (5) After approval of the standard policies, the
18 commissioner may make modifications to a policy which he or
19 she finds appropriate as market conditions change and loss
20 experience is determined for standard policies that have been
21 issued. The commissioner may determine that modifications are
22 necessary if he or she finds that any of the standard policies
23 are providing coverage that is significantly different than
24 what the market has available. Modifications shall be made by
25 order of the commissioner.

26 (6) The Financial Services Commission may adopt rules
27 to administer this section.

28 (7) For purposes of this section, personal lines
29 residential property insurance includes homeowners', dwelling,
30 and condominium unit owners' insurance.

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1 Section 2. Subsection 627.4143, Florida Statutes, is
2 amended to read:

3 627.4143 Outline of coverage.--

4 (1) No private passenger automobile or basic
5 homeowner's policy shall be delivered or issued for delivery
6 in this state unless an appropriate outline of coverage has
7 been delivered prior to issuance of the policy or accompanies
8 the policy when issued.

9 (2) The outline of coverage for a private passenger
10 motor vehicle insurance policy shall contain all of the
11 following:

12 (a) A brief description of the principal benefits and
13 coverage provided in the policy, broken down by each class or
14 type of coverage provided under the policy for which a premium
15 is charged, and itemization of the applicable premium.

16 (b) A summary statement of the principal exclusions
17 and limitations or reductions contained in the policy by class
18 or type, including, but not limited to, deductibles,
19 coinsurance, and any other limitations or reductions.

20 (c) A summary statement of any renewal or cancellation
21 provisions.

22 (d) A description of the credit or surcharge plan that
23 is being applied. The description may display numerical or
24 alphabetical codes on the declarations page or premium notice
25 to enable the insured to determine the reason or reasons why
26 her or his policy is being surcharged or is receiving a
27 credit.

28 (e) A list of any additional coverage provided through
29 any rider or endorsement which accompanies the policy. The
30 list shall contain a descriptive reference to each additional
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1 coverage, rather than solely a reference to a form or code
2 number.

3 (f) ~~For a private passenger motor vehicle insurance~~
4 ~~policy,~~ The extent of coverage provided to the insured in the
5 event of collision damage to a rental vehicle rented by the
6 insured. The proof-of-insurance card required by s. 316.646
7 must also specify whether rental car coverage is provided, and
8 may refer to the outline of coverage as to the details or
9 extent of coverage.

10 (3) A basic homeowners' mobile homeowners', dwelling,
11 or condominium unit owners' policy may not be delivered or
12 issued for delivery in this state unless a checklist of
13 coverage and an appropriate outline of coverage has been
14 delivered prior to issuance of the policy or accompanies the
15 policy when issued. Insurers must use the checklists developed
16 pursuant to s. 627.40951.

17 (a) The checklist must contain a list of the standard
18 provisions and elements that may typically be included in
19 these policies, whether or not they are included in the
20 particular policy being issued, in a format that allows the
21 insurer to place a check mark next to the provisions elements
22 that are included so that the consumer can see both what is
23 included and what is not included in the policy. Limits of
24 liability shall be listed for each item. The checklist must
25 include, but is not limited to, the following:

26 1. Covered real property. Items for this category
27 shall be broader than simply listing "dwelling." It shall
28 include references to specific property in the category of
29 attached and unattached structures that may be covered in a
30 typical policy. It shall include references to whether

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1 coverage for damaged property is based on replacement cost
2 coverage or actual cash value coverage.
3 2. Primary exclusions from real property coverage
4 shall be listed after the real property coverage items.
5 3. Personal property coverage.
6 4. Primary exclusions from personal property coverage
7 items shall be listed after the personal property coverage.
8 5. Personal liability coverage.
9 6. Primary exclusions from personal liability coverage
10 shall be listed after the personal liability coverage items.
11 7. Medical payments coverage.
12 8. Primary discounts that are available.
13 9. Hurricane deductibles that are available. The
14 notice to consumers set forth in s. 627.701(3)(c) shall be set
15 forth immediately following the list of deductibles.
16 10. References to specific additional property
17 coverage that may be provided through any rider or
18 endorsement. This shall include building ordinance or law
19 coverage, personal injury endorsements, motor vehicle
20 endorsements, jewelry, furs, and communication property
21 endorsements, home business endorsements, and replacement cost
22 endorsement for contents.
23 11. Covered perils.
24 12. Excluded perils.
25 (b) The outline of coverage must contain:
26 1. A brief description of the principal benefits and
27 coverage provided in the policy, broken down by each class or
28 type of coverage provided under the policy for which a premium
29 is charged, and itemization of the applicable premium.
30 2. A summary statement of the principal exclusions and
31 limitations or reductions contained in the policy by class or

1 type, including, but not limited to, deductibles, coinsurance,
2 and any other limitations or reductions.

3 3. A summary statement of any renewal or cancellation
4 provisions.

5 4. A description of the credit or surcharge plan that
6 is being applied. The description may display numerical or
7 alphabetical codes on the declarations page or premium notice
8 to enable the insured to determine the reason or reasons why
9 her or his policy is being surcharged or is receiving a
10 credit.

11 5. A summary of any additional coverage provided
12 through any rider or endorsement that accompanies the policy.

13 ~~(4)(3)~~ The outline of coverage for a private passenger
14 motor vehicle policy is required only on the initial policy
15 issued by an insurer. The outline of coverage and the
16 checklist for a basic homeowners', mobile homeowners',
17 dwelling, or condominium unit owners' policy is required on
18 the initial policy and each renewal thereof issued by an
19 insurer.

20 ~~(5)(4)~~ An insurer must insert the following language
21 on the outline of coverage:

22
23 "The following outline of coverage or checklist is for
24 informational purposes only. Florida law prohibits this
25 outline or checklist from changing any of the provisions of
26 the insurance contract which is the subject of this outline.
27 Any endorsement regarding changes in types of coverage,
28 exclusions, limitations, reductions, deductibles, coinsurance,
29 renewal provisions, cancellation provisions, surcharges, or
30 credits will be sent separately."
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1 ~~(6)(5)~~ Neither this section nor the outline of
2 coverage or checklist mandated by this section alters or
3 modifies the terms of the insurance contract, creates a cause
4 of action, or is admissible in any civil action.

5 Section 3. Subsection (3) of section 627.701, Florida
6 Statutes, as amended by section 4 of chapter 2004-480, Laws of
7 Florida, is amended to read:

8 627.701 Liability of insureds; coinsurance;
9 deductibles.--

10 (3)(a) A policy of residential property insurance
11 shall include a deductible amount applicable to hurricane ~~or~~
12 ~~wind~~ losses no lower than \$500 and no higher than 2 percent of
13 the policy dwelling limits with respect to personal lines
14 residential risks, and no higher than 3 percent of the policy
15 limits with respect to commercial lines residential risks;
16 however, if a risk was covered on August 24, 1992, under a
17 policy having a higher deductible than the deductibles allowed
18 by this paragraph, a policy covering such risk may include a
19 deductible no higher than the deductible in effect on August
20 24, 1992. Notwithstanding the other provisions of this
21 paragraph, a personal lines residential policy covering a risk
22 valued at \$50,000 or less may include a deductible amount
23 attributable to hurricane ~~or wind~~ losses no lower than \$250,
24 and a personal lines residential policy covering a risk valued
25 at \$100,000 or more may include a deductible amount
26 attributable to hurricane ~~or wind~~ losses no higher than 5
27 percent of the policy limits unless subject to a higher
28 deductible on August 24, 1992; however, no maximum deductible
29 is required with respect to a personal lines residential
30 policy covering a risk valued at more than \$500,000. An
31 insurer may require a higher deductible, provided such

1 deductible is the same as or similar to a deductible program
2 lawfully in effect on June 14, 1995. In addition to the
3 deductible amounts authorized by this paragraph, an insurer
4 may also offer policies with a copayment provision under
5 which, after exhaustion of the deductible, the policyholder is
6 responsible for 10 percent of the next \$10,000 of insured
7 hurricane ~~or wind~~ losses.

8 (b)1. Except as otherwise provided in this paragraph,
9 prior to issuing a personal lines residential property
10 insurance policy on or after April 1, 1996, or prior to the
11 first renewal of a residential property insurance policy on or
12 after April 1, 1996, the insurer must offer alternative
13 deductible amounts applicable to hurricane ~~or wind~~ losses
14 equal to \$500 and 2 percent of the policy dwelling limits,
15 unless the 2 percent deductible is less than \$500. ~~The written~~
16 ~~notice of the offer shall specify the hurricane or wind~~
17 ~~deductible to be applied in the event that the applicant or~~
18 ~~policyholder fails to affirmatively choose a hurricane~~
19 ~~deductible. The insurer must provide such policyholder with~~
20 ~~notice of the availability of the deductible amounts specified~~
21 ~~in this paragraph in a form approved by the office in~~
22 ~~conjunction with each renewal of the policy. The failure to~~
23 ~~provide such notice constitutes a violation of this code but~~
24 ~~does not affect the coverage provided under the policy.~~

25 2. This paragraph does not apply with respect to a
26 deductible program lawfully in effect on June 14, 1995, or to
27 any similar deductible program, if the deductible program
28 requires a minimum deductible amount of no less than 2 percent
29 of the policy limits.

30 3. With respect to a policy covering a risk with
31 dwelling limits of at least \$100,000, but less than \$250,000,

1 the insurer may, in lieu of offering a policy with a \$500
2 hurricane ~~or wind~~ deductible as required by subparagraph 1.,
3 offer a policy that the insurer guarantees it will not
4 nonrenew for reasons of reducing hurricane loss for one
5 renewal period and that contains up to a 2 percent hurricane
6 ~~or wind~~ deductible as required by subparagraph 1.

7 4. With respect to a policy covering a risk with
8 dwelling limits of \$250,000 or more, the insurer need not
9 offer the \$500 hurricane ~~or wind~~ deductible as required by
10 subparagraph 1., but must, except as otherwise provided in
11 this subsection, offer the 2 percent hurricane ~~or wind~~
12 deductible as required by subparagraph 1.

13 (c) Before issuing a personal lines residential
14 property insurance policy and before each renewal thereof, an
15 insurer must provide each policyholder and applicant with a
16 notice of the availability of the deductible amounts that
17 insurers are required to offer and any other deductible that
18 the insurer chooses to offer which is not prohibited by this
19 section. The notice shall be on a form approved by the office.
20 The form shall fully advise the policyholder or applicant of
21 the nature of the deductible, including the fact that higher
22 deductibles result in lower premiums but will also result in
23 higher out-of-pocket expenses to the policyholder in the event
24 of a hurricane damage claim. For each percentage deductible
25 available to the policyholder or applicant, the form shall
26 include the dollar amount of the deduction which will result
27 from application of the percentage deductible. The heading of
28 the form shall be in 12-point bold type and shall state: "You
29 are required by Florida law to choose a deductible that will
30 apply to any claims that you may have with your insurer as a
31 result of damage to your residence by a hurricane. This form

