

By Senator Baker

20-900A-06

See HB 837

1 A bill to be entitled
2 An act relating to insurance; creating s.
3 627.4141, F.S.; authorizing insurers to issue
4 life insurance policies containing a mandatory
5 binding arbitration provision; specifying
6 requirements for arbitration provisions;
7 authorizing such provisions to contain other
8 dispute resolution provisions; requiring
9 insurers to provide applicants for policies
10 containing a mandatory binding arbitration
11 provision a disclosure statement; providing
12 requirements for disclosure statements;
13 specifying absence of prohibition against using
14 alternative mandatory binding arbitration in
15 certain insurance policies; providing an
16 effective date.

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18 Be It Enacted by the Legislature of the State of Florida:

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20 Section 1. Section 627.4141, Florida Statutes, is
21 created to read:

22 627.4141 Mandatory arbitration clauses permitted.--
23 (1) In order to facilitate the fair, prompt,
24 economical, and efficient resolution of disputes, an insurer
25 may deliver or issue for delivery to residents of this state a
26 life insurance policy, including group life and certificates
27 of coverage, with a death benefit of \$50,000 or less, which
28 contains a provision requiring the resolution of claims or
29 disputes involving the insurance policy through the use of
30 mandatory binding arbitration, provided such provision
31 complies with the requirements of this section.

1 (2) The arbitration provision shall be set forth in
2 the policy or a separate endorsement and shall provide:

3 (a) A description of the arbitration process.

4 (b) A reasonable method for the selection of an
5 impartial arbitrator and, if the parties cannot agree upon an
6 arbitrator within 30 days after the demand for arbitration,
7 the appointment of an impartial arbitrator by the American
8 Arbitration Association or a similar organization.

9 (c) For payment by the insurer of the fees and
10 expenses of the arbitrator and administrative expenses of the
11 arbitration.

12 (d) For commencement of the arbitration hearing within
13 90 days after the commencement of the arbitration process and
14 for the rendering of the decision within 30 days thereafter
15 unless waived by the person initiating the arbitration.

16 (e) That the arbitration hearing be conducted in the
17 county of residence of the person demanding arbitration unless
18 the parties agree to a different location.

19 (f) That the arbitrator apply the arbitration rules,
20 applicable policy provisions, and applicable law.

21 (g) That the insurer provide a method of obtaining the
22 rules governing the arbitration without cost to the insured.

23 (3) The arbitration provision may contain other
24 reasonable provisions consistent with the fair, prompt,
25 economical, and efficient resolution of disputes.

26 (4) At the time of the application for a policy or
27 endorsement containing a mandatory arbitration clause, the
28 insurer shall provide an applicant a separate disclosure
29 statement which the applicant shall sign and which, in clear
30 and prominent language, displayed in 12-point type,

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1 capitalized, and in bold print, discloses the following, where
2 applicable:

3 (a) The policy contains a binding arbitration
4 agreement which requires that all disputes related to the
5 policy must be resolved through binding arbitration rather
6 than in a court of law.

7 (b) The results of the arbitration are binding on the
8 insured and the insurer.

9 (c) The arbitrator, who is independent and neutral,
10 will render a decision after listening to the positions of the
11 parties.

12 (d) Generally, courts are unwilling to review and
13 change decisions arising from binding arbitration.

14 (e) By accepting the insurance policy containing the
15 mandatory arbitration provision, the insured agrees to resolve
16 all disputes related to the policy through arbitration rather
17 than a court and the insured waives all rights to a trial by
18 jury.

19 (5) This section does not prohibit the use of
20 mandatory binding arbitration in insurance policies not
21 described in this section.

22 Section 2. This act shall take effect July 1, 2006.
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