

HB 837

2006

1 A bill to be entitled

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

14  
15 Be It Enacted by the Legislature of the State of Florida:

16  
17 Section 1. Section 627.4141, Florida Statutes, is created  
18 to read:

19 627.4141 Mandatory arbitration clauses permitted.--

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

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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- 29        (2) The arbitration provision shall be set forth in the  
30 policy or a separate endorsement and shall provide:
- 31        (a) A description of the arbitration process.
- 32        (b) A reasonable method for the selection of an impartial  
33 arbitrator and, if the parties cannot agree upon an arbitrator  
34 within 30 days after the demand for arbitration, the appointment  
35 of an impartial arbitrator by the American Arbitration  
36 Association or a similar organization.
- 37        (c) For payment by the insurer of the fees and expenses of  
38 the arbitrator and administrative expenses of the arbitration.
- 39        (d) For commencement of the arbitration hearing within 90  
40 days after the commencement of the arbitration process and for  
41 the rendering of the decision within 30 days thereafter unless  
42 waived by the person initiating the arbitration.
- 43        (e) That the arbitration hearing be conducted in the  
44 county of residence of the person demanding arbitration unless  
45 the parties agree to a different location.
- 46        (f) That the arbitrator apply the arbitration rules,  
47 applicable policy provisions, and applicable law.
- 48        (g) That the insurer provide a method of obtaining the  
49 rules governing the arbitration without cost to the insured.
- 50        (3) The arbitration provision may contain other reasonable  
51 provisions consistent with the fair, prompt, economical, and  
52 efficient resolution of disputes.
- 53        (4) At the time of the application for a policy or  
54 endorsement containing a mandatory arbitration clause, the  
55 insurer shall provide an applicant a separate disclosure  
56 statement which the applicant shall sign and which, in clear and

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57 prominent language, displayed in 12-point type, capitalized, and  
58 in bold print, discloses the following, where applicable:

59 (a) The policy contains a binding arbitration agreement  
60 which requires that all disputes related to the policy must be  
61 resolved through binding arbitration rather than in a court of  
62 law.

63 (b) The results of the arbitration are binding on the  
64 insured and the insurer.

65 (c) The arbitrator, who is independent and neutral, will  
66 render a decision after listening to the positions of the  
67 parties.

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

70 (e) By accepting the insurance policy containing the  
71 mandatory arbitration provision, the insured agrees to resolve  
72 all disputes related to the policy through arbitration rather  
73 than a court and the insured waives all rights to a trial by  
74 jury.

75 (5) This section does not prohibit the use of mandatory  
76 binding arbitration in insurance policies not described in this  
77 section.

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