

By Senator Gainer

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1 A bill to be entitled
2 An act relating to insurance proceeds held by
3 mortgagees or assignees; amending s. 494.0026, F.S.;
4 providing that an insured or a borrower is entitled to
5 any accrued interest on certain insurance proceeds
6 held by the mortgagee or assignee in a segregated
7 account; specifying when such interest is payable;
8 requiring mortgage lenders to issue an annual
9 statement of the account to the insured or borrower;
10 specifying requirements and procedures for, and
11 authorized actions of, mortgagees and assignees in
12 disbursing insurance proceeds to insureds; providing
13 an effective date.

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

16
17 Section 1. Section 494.0026, Florida Statutes, is amended
18 to read:

19 494.0026 Disposition of insurance proceeds.—The following
20 provisions apply to mortgage loans held by a mortgagee or
21 assignee that is subject to part II or part III of this chapter.

22 (1) The mortgagee or assignee must promptly endorse a
23 check, draft, or other negotiable instrument payable jointly to
24 the mortgagee or assignee and the insured by the insurance
25 company. However, the mortgagee or assignee is not required to
26 endorse such instrument if the insured or a payee who is not
27 subject to part II or part III of this chapter refuses to
28 endorse the instrument.

29 (2) Insurance proceeds received by a mortgagee or assignee

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30 ~~which that~~ relate to compensation for damage to property or
31 contents insurance coverage in which the mortgagee or assignee
32 has a security interest must be promptly deposited into a
33 segregated account of a federally insured financial institution.

34 (a) The insured or borrower is entitled to any interest
35 accrued in the segregated account containing the insurance
36 proceeds. The interest is payable at the time of final
37 distribution of the proceeds.

38 (b) At the expiration of the annual accounting period, the
39 mortgage lender shall issue the insured or borrower an annual
40 statement for the account.

41 (3) If the insured is in good standing on his or her
42 mortgage and the aggregate insurance claims payments are less
43 than \$20,000, the mortgagee or assignee must endorse and
44 expedite the mailing and release of any insurance claims
45 proceeds back to the insured within 14 days after receipt.

46 (4) If the insurance proceeds relating to compensation for
47 damage to property or contents insurance coverage in which the
48 mortgagee or assignee has a security interest is greater than
49 \$20,000 or if the mortgage account is in arrears, the mortgagee
50 or assignee must place the proceeds in a segregated account
51 pursuant to subsection (2) and must disburse the claim payments
52 as follows:

53 (a) An initial one-third of the insurance claims payments
54 must be disbursed to the insured within 14 days after the
55 receipt of the insurance claims payment from the policyholder to
56 the mortgagee or assignee.

57 (b) The second one-third of the insurance claims payments
58 must be disbursed to the insured within 14 days after the date

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59 of verification that at least 50 percent of the repairs based on
60 the insurance claims payments were completed. The mortgagee, at
61 its own expense, may use an in-person inspector or a
62 photographic submission by the insured to verify that the
63 required threshold of repairs is completed.

64 (c) The final one-third of the insurance claims payments
65 must be disbursed to the insured within 14 days after the date
66 of verification that at least 90 percent of the repairs based on
67 the insurance claims payments were completed. The mortgagee, at
68 its own expense, may use an in-person inspector or a
69 photographic submission by the insured to verify that the
70 required threshold of repairs is completed.

71 (5)~~(3)~~ Insurance proceeds received by a mortgagee or
72 assignee which ~~that~~ relate to contents insurance coverage in
73 which the mortgagee or assignee does not have a security
74 interest in the contents must be promptly distributed to the
75 insured.

76 (6)~~(4)~~ Insurance proceeds received by a mortgagee or
77 assignee which ~~that~~ relate to additional living expenses must be
78 promptly distributed to the insured.

79 (7)~~(5)~~ The mortgagee or assignee is not required to remit
80 the portion of the proceeds relating to additional living
81 expenses and contents insurance if the mortgagee or assignee is
82 not able to determine which part of the proceeds relates to
83 additional living expenses and contents insurance.

84
85 This section may not be construed to prevent an insurance
86 company from paying the insured directly for additional living
87 expenses or paying the insured directly for contents insurance

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88 coverage if the mortgagee or assignee does not have a security
89 interest in the contents.

90 Section 2. This act shall take effect July 1, 2019.