

By Senator Montford

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1 A bill to be entitled
2 An act relating to the disposition of insurance
3 proceeds; amending s. 494.0026, F.S.; adding
4 requirements for mortgagees and assignees holding
5 certain insurance proceeds pending completion of all
6 or part of damage repairs; creating s. 655.969, F.S.;
7 specifying requirements for the disposition of certain
8 insurance proceeds received by financial institutions
9 and their subsidiaries relating to mortgage loans they
10 hold; providing an exception from a requirement for a
11 financial institution or subsidiary to endorse certain
12 negotiable instruments; providing that a financial
13 institution or subsidiary is not required to remit a
14 certain portion of proceeds to the insured under
15 certain circumstances; providing applicability and
16 construction; providing an 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. Subsection (2) of section 494.0026, Florida
21 Statutes, is amended to read:

22 494.0026 Disposition of insurance proceeds.—The following
23 provisions apply to mortgage loans held by a mortgagee or
24 assignee that is subject to part II or part III of this chapter.

25 (2) (a) Insurance proceeds received by a mortgagee or
26 assignee which ~~that~~ relate to compensation for damage to
27 property or contents insurance coverage in which the mortgagee
28 or assignee has a security interest must be promptly deposited
29 into a segregated account of a federally insured financial

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30 institution.

31 (b) A mortgagee or assignee holding insurance proceeds
32 pending completion of all or part of damage repairs shall:

33 1. Deposit the proceeds into an interest-bearing account
34 for the benefit of the insured which yields interest no less
35 than the insured could expect to obtain from a savings or money
36 market account. Interest must begin to accrue on the date that
37 the mortgagee or assignee endorses the check, draft, or other
38 negotiable instrument for the proceeds.

39 2. Notify the insured of each requirement that the insured
40 must fulfill for the mortgagee or assignee to release the
41 proceeds. The notice must be sent via written or electronic
42 delivery no later than the 10th business day after the date the
43 mortgagee or assignee endorses the check, draft, or other
44 negotiable instrument for the proceeds.

45 3. Distribute all interest accrued by the account to the
46 insured no later than upon the final disbursement of the
47 proceeds.

48
49 This section may not be construed to prevent an insurance
50 company from paying the insured directly for additional living
51 expenses or paying the insured directly for contents insurance
52 coverage if the mortgagee or assignee does not have a security
53 interest in the contents.

54 Section 2. Section 655.969, Florida Statutes, is created to
55 read:

56 655.969 Disposition of insurance proceeds.—This section
57 applies to mortgage loans held by a financial institution or its
58 subsidiary.

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59 (1) The financial institution or subsidiary must promptly
60 endorse a check, draft, or other negotiable instrument payable
61 jointly to the financial institution or subsidiary and the
62 insured by the insurer. However, the financial institution or
63 subsidiary is not required to endorse such instrument if the
64 insured or a payee who is not subject to the financial
65 institutions codes refuses to endorse the instrument.

66 (2) (a) Insurance proceeds received by a financial
67 institution or subsidiary which relate to compensation for
68 damage to property or contents insurance coverage in which the
69 financial institution has a security interest must be promptly
70 deposited into a segregated account of a federally insured
71 financial institution.

72 (b) A financial institution or subsidiary holding insurance
73 proceeds pending completion of all or part of damage repairs
74 shall:

75 1. Deposit the proceeds into an interest-bearing account
76 for the benefit of the insured which yields interest no less
77 than the insured could expect to obtain from a savings or money
78 market account. Interest must begin to accrue on the date that
79 the financial institution or subsidiary endorses the check,
80 draft, or other negotiable instrument for the proceeds.

81 2. Notify the insured of each requirement that the insured
82 must fulfill for the financial institution or subsidiary to
83 release the proceeds. The notice must be sent via written or
84 electronic delivery no later than the 10th business day after
85 the date the financial institution or subsidiary endorses the
86 check, draft, or other negotiable instrument for the proceeds.

87 3. Distribute all interest accrued by the account to the

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88 insured no later than upon the final disbursement of the
89 proceeds.

90 (3) Insurance proceeds received by a financial institution
91 or subsidiary which relate to contents insurance coverage in
92 which the financial institution or subsidiary does not have a
93 security interest in the contents must be promptly distributed
94 to the insured.

95 (4) Insurance proceeds received by a financial institution
96 or subsidiary which relate to additional living expenses must be
97 promptly distributed to the insured.

98 (5) Notwithstanding subsections (3) and (4), a financial
99 institution or subsidiary is not required to remit the portion
100 of proceeds relating to additional living expenses and contents
101 insurance if the financial institution or subsidiary is not able
102 to determine which part of the proceeds relates to additional
103 living expenses and contents insurance.

104 (6) This section may not be construed to prevent an insurer
105 from paying the insured directly for additional living expenses
106 or paying the insured directly for contents insurance coverage
107 if the financial institution or subsidiary does not have a
108 security interest in the contents.

109 Section 3. This act shall take effect July 1, 2020.