

By Senator Stewart

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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.; requiring
 4 mortgagees or assignees holding certain insurance
 5 proceeds pending completion of all or part of damage
 6 repairs to notify insureds of requirements to release
 7 the proceeds; providing requirements for the notice;
 8 providing an effective date.

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

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 12 Section 1. Subsection (2) of section 494.0026, Florida
 13 Statutes, is amended to read:

14 494.0026 Disposition of insurance proceeds.—The following
 15 provisions apply to mortgage loans held by a mortgagee or
 16 assignee that is subject to part II or part III of this chapter.

17 (2) Insurance proceeds received by a mortgagee or an
 18 assignee which ~~that~~ relate to compensation for damage to
 19 property or contents insurance coverage in which the mortgagee
 20 or assignee has a security interest must be promptly deposited
 21 into a segregated account of a federally insured financial
 22 institution. A mortgagee or an assignee holding insurance
 23 proceeds pending completion of all or part of damage repairs
 24 shall notify the insured of each requirement the insured must
 25 fulfill for the mortgagee or assignee to release the proceeds.
 26 The notice required under this subsection must be sent by
 27 written or electronic delivery no later than the 10th business
 28 day after the date the mortgagee or assignee endorses the check,
 29 draft, or other negotiable instrument for the proceeds.

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31 This section may not be construed to prevent an insurance
32 company from paying the insured directly for additional living
33 expenses or paying the insured directly for contents insurance
34 coverage if the mortgagee or assignee does not have a security
35 interest in the contents.

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Section 2. This act shall take effect July 1, 2023.