

By the Committees on Rules; Military and Veterans Affairs,
Space, and Domestic Security; and Banking and Insurance; and
Senator Perry

595-03700-23

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1 A bill to be entitled
2 An act relating to insurance; amending s. 624.4621,
3 F.S.; specifying a qualification for a local
4 governmental entity's representative on a self-
5 insurer's governing body; amending s. 627.062, F.S.;
6 authorizing residential property insurance rate
7 filings to use a specified modeling indication;
8 amending s. 627.0628, F.S.; revising membership
9 requirements for specified members of the Florida
10 Commission on Hurricane Loss Projection Methodology;
11 amending s. 627.0629, F.S.; authorizing insurers to
12 file with the Office of Insurance Regulation personal
13 lines residential property insurance rating plans
14 providing rate differentials based on certain
15 windstorm mitigation construction standards; providing
16 requirements for such plans; amending s. 627.0665,
17 F.S.; revising the timeframe for advance notices from
18 insurers to insureds of automatic bank withdrawal
19 increases; specifying the increase threshold for such
20 notices; amending s. 627.421, F.S.; revising the types
21 of documents and kinds of insurance for which
22 electronic transmission constitutes delivery to the
23 insured or person entitled to delivery; deleting a
24 requirement to include a certain notice to an insured
25 electing to receive policy documents electronically;
26 deleting a requirement to provide a paper copy of the
27 policy upon request by such person; amending s.
28 627.701, F.S.; revising and specifying alternative
29 hurricane deductible amounts for personal lines

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30 residential property insurance policies covering risks
31 with specified dwelling limits; amending s. 627.712,
32 F.S.; providing that a policyholder's written
33 exclusion from residential windstorm coverage or
34 contents coverage may be typed rather than
35 handwritten; amending s. 627.7276, F.S.; revising the
36 requirements for the notice of limited coverage under
37 certain automobile policies; amending s. 634.041,
38 F.S.; specifying the manner in which a contractual
39 liability insurance policy of a service agreement
40 company may pay claims; providing an effective date.

41
42 Be It Enacted by the Legislature of the State of Florida:

43
44 Section 1. Subsection (12) is added to section 624.4621,
45 Florida Statutes, to read:

46 624.4621 Group self-insurance funds.—

47 (12) For any local governmental entity that is a member of
48 a self-insurer established under this section, only an elected
49 official of the local governmental entity may be the local
50 governmental entity's representative on the self-insurer's
51 governing body.

52 Section 2. Paragraph (j) of subsection (2) of section
53 627.062, Florida Statutes, is amended to read:

54 627.062 Rate standards.—

55 (2) As to all such classes of insurance:

56 (j) With respect to residential property insurance rate
57 filings, the rate filing:

58 1. Must account for mitigation measures undertaken by

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59 policyholders to reduce hurricane losses.

60 2. May use a modeling indication that is the weighted or
61 straight average of two or more hurricane loss projection models
62 found by the Florida Commission on Hurricane Loss Projection
63 Methodology to be accurate or reliable pursuant to s. 627.0628.

64
65 The provisions of this subsection do not apply to workers'
66 compensation, employer's liability insurance, and motor vehicle
67 insurance.

68 Section 3. Paragraph (b) of subsection (2) of section
69 627.0628, Florida Statutes, is amended to read:

70 627.0628 Florida Commission on Hurricane Loss Projection
71 Methodology; public records exemption; public meetings
72 exemption.—

73 (2) COMMISSION CREATED.—

74 (b) The commission shall consist of the following 12
75 members:

76 1. The insurance consumer advocate.

77 2. The senior employee of the State Board of Administration
78 responsible for operations of the Florida Hurricane Catastrophe
79 Fund.

80 3. The Executive Director of the Citizens Property
81 Insurance Corporation or the executive director's designee. The
82 executive director's designee must be a full-time employee of
83 the corporation and have actuarial science experience.

84 4. The Director of the Division of Emergency Management or
85 the director's designee. The director's designee must be a full-
86 time employee of the division.

87 5. The actuary member of the Florida Hurricane Catastrophe

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88 Fund Advisory Council.

89 6. An employee of the office who is an actuary responsible
90 for property insurance rate filings and who is appointed by the
91 director of the office.

92 7. Five members appointed by the Chief Financial Officer,
93 as follows:

94 a. An actuary who is employed full time by a property and
95 casualty insurer that was responsible for at least 1 percent of
96 the aggregate statewide direct written premium for homeowner
97 insurance in the calendar year preceding the member's
98 appointment to the commission.

99 b. An expert in insurance finance who is a full-time member
100 of the faculty of the State University System and who has a
101 background in actuarial science.

102 c. An expert in statistics who is a full-time member of the
103 faculty of the State University System and who has a background
104 in insurance.

105 d. An expert in computer system design who is a full-time
106 member of the faculty of the State University System.

107 e. An expert in meteorology who is a full-time member of
108 the faculty of the State University System and who specializes
109 in hurricanes.

110 8. A licensed professional structural engineer who is a
111 full-time faculty member in the State University System and who
112 has expertise in wind mitigation techniques. This appointment
113 shall be made by the Governor.

114 Section 4. Subsection (9) is added to section 627.0629,
115 Florida Statutes, to read:

116 627.0629 Residential property insurance; rate filings.—

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117 (9) An insurer may file with the office a personal lines
118 residential property insurance rating plan that provides
119 justified premium discounts, credits, or other rate
120 differentials based on windstorm mitigation construction
121 standards developed by an independent, nonprofit scientific
122 research organization, if such standards meet the requirements
123 of this section. Such plan must describe the manner in which the
124 insurer will document the existence of the mitigation features
125 and premium discounts, credits, or other rate differentials
126 created under such plan.

127 Section 5. Section 627.0665, Florida Statutes, is amended
128 to read:

129 627.0665 Automatic bank withdrawal agreements; notification
130 required.—Any insurer licensed to issue insurance in the state
131 who has an automatic bank withdrawal agreement with an insured
132 party for the payment of insurance premiums for any type of
133 insurance shall give the named insured at least 10 ~~15~~ days
134 advance written notice of any increase in policy premiums which
135 results in the next automatic bank withdrawal being increased by
136 more than \$10. Such notice must be provided before ~~prior to~~ any
137 automatic bank withdrawal containing the ~~of an~~ increased
138 premium.

139 Section 6. Subsection (1) of section 627.421, Florida
140 Statutes, is amended to read:

141 627.421 Delivery of policy.—

142 (1) Subject to the insurer's requirement as to payment of
143 premium, every policy shall be mailed, delivered, or
144 electronically transmitted to the insured or to the person
145 entitled thereto not later than 60 days after the effectuation

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146 of coverage. Notwithstanding any other provision of law, an
147 insurer may allow a policyholder of personal lines insurance to
148 affirmatively elect delivery of the policy documents, including,
149 but not limited to, policies, endorsements, notices, or
150 documents, by electronic means in lieu of delivery by mail.
151 Electronic transmission of a policy, related notices, and other
152 documents for individual and group health insurance policies or
153 certificates of coverage pursuant to parts VI and VII of this
154 chapter, respectively; health maintenance contracts or
155 certificates of coverage pursuant to part I of chapter 641;
156 prepaid limited health service contracts pursuant to part I of
157 chapter 636; and ~~for~~ commercial risks, including, but not
158 limited to, workers' compensation and employers' liability,
159 commercial automobile liability, commercial automobile physical
160 damage, commercial lines residential property, commercial
161 nonresidential property, farmowners insurance, and the types of
162 commercial lines risks set forth in s. 627.062(3)(d),
163 constitutes delivery to the insured or to the person entitled to
164 delivery, unless the insured or the person entitled to delivery
165 communicates to the insurer in writing or electronically that he
166 or she does not agree to delivery by electronic means.
167 ~~Electronic transmission shall include a notice to the insured or~~
168 ~~to the person entitled to delivery of a policy of his or her~~
169 ~~right to receive the policy via United States mail rather than~~
170 ~~via electronic transmission. A paper copy of the policy shall be~~
171 ~~provided to the insured or to the person entitled to delivery at~~
172 ~~his or her request.~~

173 Section 7. Paragraph (d) of subsection (3) of section
174 627.701, Florida Statutes, is amended, and paragraph (a) of that

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175 subsection is republished, to read:

176 627.701 Liability of insureds; coinsurance; deductibles.—

177 (3) (a) Except as otherwise provided in this subsection,
178 prior to issuing a personal lines residential property insurance
179 policy, the insurer must offer alternative deductible amounts
180 applicable to hurricane losses equal to \$500, 2 percent, 5
181 percent, and 10 percent of the policy dwelling limits, unless
182 the specific percentage deductible is less than \$500. The
183 written notice of the offer shall specify the hurricane
184 deductible to be applied in the event that the applicant or
185 policyholder fails to affirmatively choose a hurricane
186 deductible. The insurer must provide such policyholder with
187 notice of the availability of the deductible amounts specified
188 in this subsection in a form approved by the office in
189 conjunction with each renewal of the policy. The failure to
190 provide such notice constitutes a violation of this code but
191 does not affect the coverage provided under the policy.

192 (d) For the following policies, the following alternative
193 deductible amounts are authorized:

194 1. With respect to a policy covering a risk with dwelling
195 limits of \$250,000 or more, the insurer need not offer the \$500
196 hurricane deductible as required by paragraph (a), but must,
197 except as otherwise provided in this subsection, offer the other
198 hurricane deductibles as required by paragraph (a).

199 2. With respect to a policy covering a risk with dwelling
200 limits of \$1 million or more, but less than \$3 million, the
201 insurer may, in lieu of offering the 2 percent deductible as
202 required by paragraph (a), offer a deductible amount applicable
203 to hurricane losses equal to 3 percent of the policy dwelling

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204 limits.

205 3. With respect to a policy covering a risk with dwelling
206 limits of \$3 million or more, the insurer need not offer the 2
207 percent deductible as required by paragraph (a), but must,
208 except as otherwise provided by this subsection, offer the other
209 hurricane deductibles as required by paragraph (a).

210 Section 8. Paragraph (a) of subsection (2) and subsection
211 (3) of section 627.712, Florida Statutes, are amended to read:

212 627.712 Residential windstorm coverage required;
213 availability of exclusions for windstorm or contents.—

214 (2) A property insurer must make available, at the option
215 of the policyholder, an exclusion of windstorm coverage.

216 (a) The coverage may be excluded only if:

217 1. When the policyholder is a natural person, the
218 policyholder personally writes or types and provides to the
219 insurer the following statement ~~in his or her own handwriting~~
220 and signs his or her name, which must also be signed by every
221 other named insured on the policy, and dated: "I do not want the
222 insurance on my (home/mobile home/condominium unit) to pay for
223 damage from windstorms. I will pay those costs. My insurance
224 will not."

225 2. When the policyholder is other than a natural person,
226 the policyholder provides to the insurer on the policyholder's
227 letterhead the following statement that must be signed by the
228 policyholder's authorized representative and dated: "... (Name of
229 entity)... does not want the insurance on its ...(type of
230 structure)... to pay for damage from windstorms. ...(Name of
231 entity)... will be responsible for these costs. ...(Name of
232 entity's)... insurance will not."

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233 (3) An insurer issuing a residential property insurance
234 policy, except for a condominium unit owner policy or a tenant
235 policy, must make available, at the option of the policyholder,
236 an exclusion of coverage for the contents. The coverage may be
237 excluded only if the policyholder personally writes or types and
238 provides to the insurer the following statement ~~in his or her~~
239 ~~own handwriting~~ and signs his or her signature, which must also
240 be signed by every other named insured on the policy, and dated:
241 "I do not want the insurance on my (home/mobile home) to pay for
242 the costs to repair or replace any contents that are damaged. I
243 will pay those costs. My insurance will not."

244 Section 9. Section 627.7276, Florida Statutes, is amended
245 to read:

246 627.7276 Notice of limited coverage.—

247 (1) An automobile policy that does not contain coverage for
248 bodily injury and property damage must include a notice ~~be~~
249 ~~clearly stamped or printed to the effect~~ that such coverage is
250 not included in the policy in the following manner:

251
252 "THIS POLICY DOES NOT PROVIDE BODILY INJURY AND
253 PROPERTY DAMAGE LIABILITY INSURANCE OR ANY OTHER
254 COVERAGE FOR WHICH A SPECIFIC PREMIUM CHARGE IS NOT
255 MADE, AND DOES NOT COMPLY WITH ANY FINANCIAL
256 RESPONSIBILITY LAW."

257
258 (2) This notice ~~legend~~ must appear on the policy
259 declaration page ~~and on the filing back of the policy~~ and be
260 printed in bold type ~~a contrasting color from that used on the~~
261 ~~policy and in type larger than the largest type used in the text~~

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262 ~~thereof, as an overprint or by a rubber stamp impression.~~

263 Section 10. Paragraph (b) of subsection (8) of section
264 634.041, Florida Statutes, is amended to read:

265 634.041 Qualifications for license.—To qualify for and hold
266 a license to issue service agreements in this state, a service
267 agreement company must be in compliance with this part, with
268 applicable rules of the commission, with related sections of the
269 Florida Insurance Code, and with its charter powers and must
270 comply with the following:

271 (8)

272 (b) A service agreement company does not have to establish
273 and maintain an unearned premium reserve if it secures and
274 maintains contractual liability insurance in accordance with the
275 following:

276 1. Coverage of 100 percent of the claim exposure is
277 obtained from an insurer approved by the office, which holds a
278 certificate of authority under s. 624.401 to do business within
279 this state, or secured through a risk retention group, which is
280 authorized to do business within this state under s. 627.943 or
281 s. 627.944. Such insurer or risk retention group must maintain a
282 surplus as regards policyholders of at least \$15 million.

283 2. If the service agreement company does not meet its
284 contractual obligations, the contractual liability insurance
285 policy binds its issuer to pay or cause to be paid to the
286 service agreement holder all legitimate claims and cancellation
287 refunds for all service agreements issued by the service
288 agreement company while the policy was in effect. This
289 requirement also applies to those service agreements for which
290 no premium has been remitted to the insurer.

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291 3. If the issuer of the contractual liability policy is
292 fulfilling the service agreements covered by the contractual
293 liability policy and the service agreement holder cancels the
294 service agreement, the issuer must make a full refund of
295 unearned premium to the consumer, subject to the cancellation
296 fee provisions of s. 634.121(3). The sales representative and
297 agent must refund to the contractual liability policy issuer
298 their unearned pro rata commission.

299 4. The policy may not be canceled, terminated, or
300 nonrenewed by the insurer or the service agreement company
301 unless a 90-day written notice thereof has been given to the
302 office by the insurer before the date of the cancellation,
303 termination, or nonrenewal.

304 5. The service agreement company must provide the office
305 with the claims statistics.

306 6. A policy issued in compliance with this paragraph may
307 either pay 100 percent of claims as they are incurred or pay 100
308 percent of claims due in the event of the failure of the service
309 agreement company to pay such claims when due.

310
311 All funds or premiums remitted to an insurer by a motor vehicle
312 service agreement company under this part shall remain in the
313 care, custody, and control of the insurer and shall be counted
314 as an asset of the insurer; provided, however, this requirement
315 does not apply when the insurer and the motor vehicle service
316 agreement company are affiliated companies and members of an
317 insurance holding company system. If the motor vehicle service
318 agreement company chooses to comply with this paragraph but also
319 maintains a reserve to pay claims, such reserve shall only be

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320 considered an asset of the covered motor vehicle service
321 agreement company and may not be simultaneously counted as an
322 asset of any other entity.

323 Section 11. This act shall take effect July 1, 2023.