

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: [CS/HB 1047](#)

TITLE: Insurance

SPONSOR(S): Berfield

COMPANION BILL: [SB 230](#) (Truenow)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Insurance & Banking](#)

12 Y, 6 N, As CS



[Commerce](#)

SUMMARY

Effect of the Bill:

The bill:

- Defines “sufficient evidence” for precluding bad faith actions against liability insurers.
- Reduces the coursework requirement for general lines agent licensure from 200 to 60 hours.
- Limits claims-handling manual requirements to residential property insurers with active policies.
- Prohibits public adjusters from adversarial conduct and requires appointment type only in initial text messages.
- Allows policy cancellation or nonrenewal before repairs if the insured no longer has an insurable interest.
- Makes a grammatical correction to the required flood insurance disclosure.
- Requires written proof-of-loss statements and adjusts communication and disclosure requirements for property insurers.

Fiscal or Economic Impact:

None

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ANALYSIS

EFFECT OF THE BILL:

Bad Faith

The bill amends [s. 624.155, F.S.](#), to define “sufficient evidence” for the purpose of precluding bad faith actions against liability insurers. “Sufficient evidence” must include written or photographic evidence of personal or property injury, such as accident reports, photos, medical or repair bills, or receipts. If an insurer believes the evidence is insufficient, it must object in writing within 10 business days or waive the objection. The claimant then has 10 business days to clarify or provide more evidence. This change clarifies what constitutes “sufficient evidence” necessary to trigger the start of the time period within which the insurer must tender payment to avoid bad faith. (Section [1](#)).

General Lines Agents

The bill decreases the coursework requirement for general lines agent licensure from 200 hours to 60 hours. (Section [2](#)).

Public Adjusters

The bill requires public adjusters communicating by text message to include their appointment type only in the initial message. The bill also prohibits public adjusters from engaging in adversarial conduct with insurer personnel during claims handling, including surreptitious recordings without consent. (Section [3](#)).

Claims Handling Manuals

The bill limits the requirement to maintain a claims-handling manual to only those authorized residential property insurers with active residential policies. (Section [4](#)).

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Notice of Cancellation, Nonrenewal, or Renewal Premiums

The bill allows insurers to cancel or non-renew a policy before repairs are completed if the named insured no longer has an insurable interest¹ in the property. (Section [5](#)).

Required Flood Insurance Disclosure on Homeowner's Policy Declarations Page

The bill makes a grammatical change to the required flood insurance disclosure on the homeowners' policy declaration page. (Section [6](#)).

Property Insurance Claims Handling Requirements and Disclosures

The bill requires that proof-of-loss statements submitted to property insurers be in writing. Additionally, the bill requires adjusters to include their name and license number only in the initial text message, not in all follow-up texts.

The bill revises the required statements that insurers must include when:

- Providing a preliminary or partial estimate of damage, to state that the evaluation is not final and may change; and
- Making a partial payment on a claim, to indicate that the claim is still being reviewed and additional payments may follow. (Section [7](#)).

The bill becomes effective upon becoming law. (Section [8](#)).

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Regulation of Insurance in Florida

The Office of Insurance Regulation (OIR) regulates specified insurance products, insurers and other risk bearing entities in Florida.² As part of their regulatory oversight, the OIR may suspend or revoke an insurer's certificate of authority under certain conditions.³ The OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.⁴ As part of the examination process, all persons being examined must make available to the OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.⁵ The OIR is also authorized to conduct market conduct examinations to determine compliance with applicable provisions of the Insurance Code.⁶

Insurance companies that transact insurance in Florida or that have offices located in the state are required to obtain a certificate of authority (COA) issued by the OIR pursuant to s. 624.401, F.S. These companies, referred to as authorized or admitted insurers,⁷ are broadly regulated by the OIR under the Insurance Code as to reserves, surplus as to policyholders, solvency, rates and forms, market conduct, permissible investments, and affiliate relationships.⁸ Authorized insurers are also required to participate in a variety of government mandated insurance programs and pay assessments levied by state guaranty funds in the event of insurer insolvencies.⁹

¹ An *insurable interest* exists when the insured has a legal or financial stake in the property, such that its loss would result in a direct economic loss. If the named insured no longer owns the property or otherwise lacks a financial stake in it, the insurer may no longer be obligated to maintain coverage.

² [s. 20.121\(3\)\(a\), F.S.](#) The Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, serves as agency head of the Office of Insurance Regulation for purposes of rulemaking. Further, the Financial Services Commission appoints the commissioner of the Office of Insurance Regulation.

³ [s. 624.418, F.S.](#)

⁴ [s. 624.316\(1\)\(a\), F.S.](#)

⁵ [s. 624.318\(2\), F.S.](#)

⁶ [s. 624.3161, F.S.](#)

⁷ An "authorized" or "admitted" insurer is one duly authorized by a COA to transact insurance in this state.

⁸ The Insurance Code consists of chs. 624-632, 634, 635, 636, 641, 642, 648, and 651, F.S.

⁹ For example, Florida licensed direct writers of property and casualty insurance must be members of the Florida Insurance Guaranty Association, which handles the claims of insolvent insurers under part II of ch. 631, F.S., and insurers offering workers' compensation

Bad Faith in Insurance

Insurance is a contract between an insurance company (“insurer”) and the insurance policy’s beneficiary (“the insured”), in which, for specified consideration called a “premium,” the insurer agrees to pay the insured or third-party claimants for covered losses.¹⁰ An insurer generally owes two significant contractual duties to its insured in exchange for premium payments: the duty to indemnify and the duty to defend.¹¹

- The “duty to indemnify” refers to the insurer’s obligation to issue payment to the insured on a valid claim.¹² For example, an insured may purchase a policy requiring the insurer to replace the insured’s vehicle in the event of a car accident. If a covered accident then occurs, causing the insured’s vehicle to be destroyed, the duty to indemnify requires the insurer to replace the insured’s vehicle.
- The “duty to defend” refers to the insurer’s duty to defend the insured in court against a third party with respect to a covered claim.¹³ For example, an insured may purchase a liability policy in the event the insured causes a car accident and injures a third party. If a covered accident then occurs, causing injury to a third-party claimant who sues the insured, the duty to defend requires the insurer to defend the insured against the claimant’s lawsuit.

Insurer’s Common Law and Statutory Duties

Florida courts, in applying the common law, recognize that an insurer owes its insured a duty of good faith in negotiating settlements with third-party claimants.¹⁴ There is also a statutory duty of good faith codified in [s. 624.155, F.S.](#) Under that provision, a statutory bad faith claim may arise where the insurer:

- Does not attempt in good faith to settle claims when, under all the circumstances, it could and should have done so;
- Makes claim payments without a statement identifying the applicable coverage; or
- Fails to promptly settle a claim under one portion of the policy to influence settlement under another portion.

Florida courts have interpreted an insurer’s obligation to “act fairly” towards its insured, holding that when the insured’s liability is clear and an excess judgment¹⁵ is likely due to the resulting damage, the insurer has an affirmative duty to initiate settlement negotiations with third-party claimants.¹⁶ If settlement fails, the insurer has the burden of showing that there was no realistic possibility of settling the claim within the policy limits.¹⁷

However, failure to settle a claim, without more, does not necessarily mean that an insurer has acted in bad faith, as liability may be unclear or the damages may be minimal. Further, courts have generally indicated that merely negligently failing to settle a claim does not rise to the level of bad faith, though a jury may consider negligence in the larger context of whether bad faith occurred.¹⁸

First-Party vs. Third-Party Bad Faith Claims

There are two general types of bad faith claims: “first-party” claims and “third-party” claims.

- A “first-party” bad faith claim is a claim filed by the insured against his or her own insurer; these claims typically involve allegations that the insurer improperly denied the insured coverage under the policy, underpaid a covered claim, or delayed payment without adequate justification.¹⁹
- A “third-party” bad faith claim arises when the insured is exposed to liability to a third party; such a claim, which may be brought by either the insured or the third party, typically arises when:

coverage in Florida must be members of the Florida Workers’ Compensation Insurance Guaranty Association, which provides payment of covered claims for insurers that are declared insolvent under part V of ch. 631, F.S.

¹⁰ 16 Williston on Contracts s. 49:103 (4th ed.).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Mut. Indemnity Co. v. Shaw*, 184 So. 852 (Fla. 1938).

¹⁵ An “excess judgment” is a judgment in an amount over and above the insurance policy’s coverage limits, which amount is paid out of the insured’s own pocket.

¹⁶ *Powell v. Prudential Prop. and Cas. Ins. Co.*, 584 So. 2d 12, 14 (Fla. 3d DCA 1991).

¹⁷ *Id.* at 14.

¹⁸ See *DeLaune v. Liberty Mut. Ins. Co.*, 314 So. 2d 601, 603 (Fla. 4th DCA 1975).

¹⁹ The Florida Senate, *Interim Report 2012-132: Insurance Bad Faith* (Nov. 2011),

<https://www.flsenate.gov/publishedcontent/session/2012/interimreports/2012-132ju.pdf> (last visited March. 24, 2025).

- An insurer fails to settle in good faith a third party’s claim against the insured within the policy limits;
- There is serious injury to the third-party claimant; and
- The policy limits are minimal, thus exposing the insured to an excess judgment.²⁰

Legislative Reforms – HB 837 (2023)

In 2023, HB 837 amended [s. 624.155, F.S.](#), to clarify that mere negligence is not sufficient to constitute bad faith and established that the insured, third-party claimant, and any representative of either have a duty to act in good faith when furnishing claim information, making demands, setting deadlines, or attempting to settle.²¹ The judge or jury (trier of fact) may consider a failure to act in good faith by any of these parties and may reasonably reduce damages awarded against the insurer accordingly.²²

Additionally, HB 837 established a safe harbor from bad faith liability in liability insurance claims. An insurer is not liable for bad faith under either statute or common law if it tenders the lesser of the policy limits or the amount demanded by the claimant within 90 days after receiving actual notice of the claim along with sufficient evidence to support the amount. If the insurer does not tender within the 90-day period, the following applies:

- The existence of the safe harbor period and the fact that no bad faith action would have accrued had payment been tendered are inadmissible in a subsequent bad faith action; and
- The applicable statute of limitations is extended by 90 days.²³

HB 837 further provided that if multiple third-party claimants present competing claims arising out of a single occurrence that may exceed the insured’s policy limits, the insurer is not liable beyond those limits if, within 90 days, it either:

- Files a lawsuit (interpleader action) under the Florida Rules of Civil Procedure; or
- Agrees to binding arbitration and makes the full policy limits available for distribution before a mutually selected arbitrator, at the insurer’s expense.²⁴

Bad Faith Claim Pre-Suit Notice Requirement

To bring a statutory bad faith claim under [s. 624.155, F.S.](#), whether first-party or third-party, a plaintiff must first give the insurer 60 days’ written notice of the claim by filing a civil remedy notice with Department of Financial Services (DFS).²⁵ The insurer then has 60 days from receiving notice from DFS to either pay the damages or correct the circumstances giving rise to the bad faith claim, and the statutory cause of action does not accrue until the 60-day “cure” period has run without the insurer taking such steps.²⁶ Where the insurer timely pays the damages or otherwise corrects the circumstances giving rise to the bad faith claim, no statutory bad faith lawsuit may be brought.²⁷

If a plaintiff brings a third-party common law bad faith claim, by contrast, there is no statutory pre-suit notice requirement; thus, the insurer cannot avoid a third-party bad faith lawsuit by paying the damages or curing the circumstances giving rise to the claim within the statutory cure period. However, after HB 837 (2023), the claimant now has the right to offer the insurer an opportunity to cure.

Filing a Bad Faith Claim

Generally, a bad faith cause of action does not accrue until the underlying contractual claim is resolved.²⁸ In a first-party context, this means the insured must prevail on their coverage claim before bringing a bad faith suit. In a third-party context, the action usually accrues only after an excess judgment is entered against the insured.²⁹

²⁰ *Id.*

²¹ ch. 2023-15, Laws of Fla.

²² *Id.*

²³ *Id.*

²⁴ ch. 2023-15, Laws of Fla.

²⁵ [s. 624.155\(3\)\(a\), F.S.](#)

²⁶ [s. 624.155\(3\)\(c\), F.S.](#); *Talat Enterprises, Inc. v. Aetna Cas. & Sur. Co.*, 753 So. 2d 1278, 1284 (Fla. 2000).

²⁷ [s. 624.155\(3\)\(c\), F.S.](#)

²⁸ *Blanchard v. State Farm Mut. Auto. Ins. Co.*, 575 So. 2d 1289, 1291 (Fla. 1991).

²⁹ *Id.*

Indefiniteness About What Constitutes Bad Faith

Florida law does not precisely define “bad faith,” and the determination is generally a question of fact for the jury, based on the totality of the circumstances.³⁰ Courts have noted that insurer liability must be based on more than a failure to settle or negligence—there must be conduct showing a lack of fair dealing or failure to give due regard to the insured’s interests.³¹

Division of Insurance Agent and Agency Services

The DFS Division of Insurance Agent and Agency Services is responsible for the licensing and regulation of insurance agents, adjusters, insurance agencies, as well as related personnel and business entities.³²

No person may be, act as, or advertise, or hold himself/herself out to be an insurance agent, insurance adjuster, or customer representative unless he or she is currently licensed by DFS and appointed by an appropriate appointing entity or person.³³ There are several types of insurance representatives. These include:

- General lines agents,
- Life insurance agents,
- Health insurance agents,
- Title insurance agents,
- Personal lines agents, and
- Unaffiliated insurance agents.³⁴

General Lines Agent

A general lines agent³⁵ is one who sells the following lines of insurance: property,³⁶ casualty,³⁷ including commercial liability insurance underwritten by a risk retention group, a commercial self-insurance fund,³⁸ or a workers’ compensation self-insurance fund;³⁹ surety;⁴⁰ health;⁴¹ and, marine.⁴² The general lines agent may only transact health insurance for an insurer that the general lines agent also represents for property and casualty insurance. If the general lines agent wishes to represent health insurers that are not also property and casualty insurers, they must be licensed as a health insurance agent.⁴³ Motor vehicle insurance is a type of casualty insurance.⁴⁴

Public Adjusters

Florida law defines a public adjuster as someone who, for something of value, directly or indirectly, prepares, completes, or files an insurance claim for an insured or third-party claimant, or who, for something of value, acts on behalf of, or aids, an insured or third-party claimant in settling a claim for loss or damage covered by an insurance contract, or who advertises for employment as an adjuster of such claims.⁴⁵ In general, a claimant executes a contract for the public adjuster to provide claims adjusting services.⁴⁶

³⁰ *Berges v. Infinity Ins. Co.*, 896 So. 2d 665 (Fla. 2004).

³¹ See *DeLaune v. Liberty Mut. Ins. Co.*, 314 So. 2d 601, 603 (Fla. 4th DCA 1975) (holding that negligence alone does not amount to bad faith); *Macola v. Gov’t Emps. Ins. Co.*, 953 So. 2d 451, 458 (Fla. 2007) (explaining that payment of policy limits after a civil remedy notice does not bar a common law bad faith claim); *Blanchard v. State Farm Mut. Auto. Ins. Co.*, 575 So. 2d 1289, 1291 (Fla. 1991) (bad faith action does not accrue until coverage and damages are determined); *Berges v. Infinity Ins. Co.*, 896 So. 2d 665, 680 (Fla. 2004) (bad faith is assessed under the totality of the circumstances and requires fair and honest treatment of the insured’s interests).

³² Ch. 626, parts I, II, III, IV, V, VI, VIII, IX, and XIII, F.S.

³³ S. [626.112, F.S.](#)

³⁴ S. [626.015, F.S.](#)

³⁵ S. [626.015\(5\), F.S.](#)

³⁶ S. [624.604, F.S.](#)

³⁷ S. [624.605, F.S.](#)

³⁸ As defined in [s. 624.462, F.S.](#)

³⁹ Pursuant to [s. 624.4621, F.S.](#)

⁴⁰ S. [626.606, F.S.](#)

⁴¹ Ss. 624.603 and [627.6482, F.S.](#)

⁴² S. [624.607, F.S.](#)

⁴³ S. [626.829, F.S.](#)

⁴⁴ S. [624.605, F.S.](#)

⁴⁵ [s. 626.854, F.S.](#), Public adjusters are regulated under ch. 626, part VI, F.S.

⁴⁶ See *id.*

Public adjusters' contracts relating to property and casualty claims must contain the full name, permanent business address, phone number, email address, and license number of the public adjuster; and the full name of the public adjusting firm for whom the public adjuster works.⁴⁷

In Florida, public adjusters are regulated by the DFS under part VI of ch. 626, F.S.⁴⁸ To obtain a license, an applicant must meet specific eligibility, education, and examination requirements. Licensed public adjusters must comply with continuing education requirements and are subject to disciplinary action by the DFS for violations of the Florida Insurance Code.⁴⁹

Code of Ethics and Communication Restrictions

Section [626.878, F.S.](#), requires public adjusters to adhere to ethical standards established by the DFS.⁵⁰ The *Code of Ethics for Public Adjusters* is codified in Rule 69B-220.201, F.A.C., and sets forth rules of professional conduct, including limitations on how and when a public adjuster may communicate with a policyholder.

Key provisions of the rule include:

- A public adjuster may not initiate contact with a policyholder during a period of loss-producing events (e.g., a hurricane) until 48 hours after the occurrence of the event, unless the policyholder initiates the contact.
- Public adjusters must clearly identify themselves and their role when soliciting business and may not mislead or deceive a policyholder regarding their services.
- All contracts must be in writing and include specific disclosures regarding the public adjuster's compensation, the services to be provided, and the policyholder's right to cancel the contract.
- Public adjusters may not materially misrepresent the terms and conditions of an insurance policy or the outcomes of claims.
- Ethical conduct also includes a duty of honesty, fairness, and full disclosure when dealing with policyholders, insurers, and regulatory authorities.⁵¹

Violations of these standards may result in administrative action, including suspension or revocation of the adjuster's license, fines, or other penalties.⁵²

Claims-Handling Manuals for Residential Property Insurers

The Florida Insurance Code imposes various requirements on insurers to ensure the fair, prompt, and efficient handling of property insurance claims. Section [627.4108, F.S.](#), establishes detailed standards for the creation, use, and regulatory review of claims-handling manuals by authorized residential property insurers operating in Florida.

This section requires each authorized residential property insurer to create and maintain written claims-handling manuals that guide internal procedures for processing insurance claims in accordance with Florida law and customary industry standards.⁵³ These manuals must address the full lifecycle of a claim, including the receipt and acknowledgment of a claim, communication with policyholders, investigation and estimation of damages, reserving practices, payment or denial of claims, and claim closure.⁵⁴

To promote accountability and transparency, the OIR can request and review a copy of an insurer's claims-handling manual at any time.⁵⁵ Insurers must provide a true and correct copy of the manual along with an attestation certifying the timeframe for which the manual was in effect.⁵⁶

⁴⁷ [s. 626.8796\(2\), F.S.](#)

⁴⁸ [s. 626.878, F.S.](#),

⁴⁹ [s. 626.869, F.S.](#) and [s. 626.8698, F.S.](#)

⁵⁰ [s. 626.878, F.S.](#)

⁵¹ Fla. Dep't of Fin. Servs., *Public Adjuster Code of Ethics & Contract Checklist*, <https://www.myfloridacfo.com/docs-sf/consumer-services-libraries/consumerservices-documents/understanding-coverage/pacodeofethicscontractchecklist.pdf> (last visited Mar. 23, 2025).

⁵² [s. 626.8698, F.S.](#)

⁵³ [s. 627.4108, F.S.](#)

⁵⁴ *Id.*

⁵⁵ [s. 627.4108\(2\), F.S.](#)

⁵⁶ *Id.*

In addition, insurers must submit an annual certification and attestation that their current manuals comply with applicable legal requirements and reflect at least usual and customary industry practices. The attestation must also affirm that the insurer has sufficient resources to follow its own claims-handling procedures, including during disasters or catastrophic events.⁵⁷

RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2023	837	Gregory and Fabricio	Martin	The bill was approved by the Governor on May 31, 2023.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee	12 Y, 6 N, As CS	3/27/2025	Hamon	Herrera
THE CHANGES ADOPTED BY THE COMMITTEE:	Defined “sufficient evidence” for precluding bad faith actions against liability insurers.			
Commerce Committee				

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

⁵⁷ [s. 627.4108\(3\)\(a\), F.S.](#)