

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: SB 1428

INTRODUCER: Senator DiCeglie

SUBJECT: Consumer Protection in Insurance Matters

DATE: March 28, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Thomas	Knudson	BI	Pre-meeting
2.			AEG	
3.			RC	

I. Summary:

SB 1428 contains several provisions relating to consumer protection in insurance matters providing:

- That a public adjuster, public adjuster apprentice, or public adjusting firm must provide a specific response to a written or electronic request for claim status from a claimant, an insured, or the person’s designated representative within 14 days after receiving the request and must retain a copy of its response for its records.
- That universal life insurance policy issued in this state must entitle each policyholder to receive an annual report on the policy’s status, unless the policy is a variable contract as defined in s. 627.8015, F.S.
- That for an out-of-state group health insurance provider to be exempt from complying with the provisions of part VIII of ch. 627, F.S., the policies of such provider must offer dependent child coverage that complies with the state’s requirements for dependent coverage under a group health insurance policy pursuant to s. 627.6562, F.S.
- That an automobile insurer providing towing and labor as a filed claim coverage must notify its claimant before the submission of a non crash-related claim that using the towing and labor coverage requires the filing of a claim that will become part of the claimant’s claim history for future underwriting.
- Requirements for a private passenger automobile insurer in the payment of certain first-party claims, including that such claims be paid or denied within 60 days of receiving notice of the claim.

The bill does not appear to have a significant fiscal impact on state or local government.

The bill takes effect on July 1, 2025.

II. Present Situation:

Public Adjusters

A public adjuster is any person, except a duly licensed attorney-at-law, who, for money, commission, or any other things of value, directly or indirectly prepares, completes, or files an insurance claim for an insured or third-party claimant, or who, for money, commission, or any other thing of value, acts on behalf of, or aids an insured or third-party claimant in negotiating for or effecting the settlement of a claim or claims for loss or damage covered by an insurance contract, or who, advertises for employment as an adjuster of such claims.¹ The term includes any person who, for money, commission, or any other thing of value, directly or indirectly solicits, investigates, or adjusts such claims on behalf of the public adjuster, an insured, or a third-party claimant but does not include a person who photographs or inventories damaged personal property or business personal property or a person performing duties under another professional license, if such person does not otherwise solicit, adjust, investigate, or negotiate for or attempt to effect the settlement of a claim.² The term does not apply to:

- A licensed health care provider or employee thereof who prepares or files a health insurance claim form on behalf of a patient.
- A licensed health insurance agent who assists an insured with coverage questions, medical procedure coding issues, balance billing issues, understanding the claims filing process, or filing a claim, as such assistance relates to coverage under a health insurance policy.
- A person who files a health claim on behalf of another and does so without compensation.³

An adjuster must follow the code of ethics set by the Department of Financial Services in rule as “necessary to ensure fair dealing, prohibit conflicts of interest, and ensure preservation of the rights of the claimant to participate in the adjustment of claims.”⁴ A licensed adjuster must identify themselves in any advertisements, solicitations or written documents based on the adjuster appointment type held.⁵ An adjuster who has had his or her license revoked or suspended is prohibited from participating in an insurance claim or in the insurance claims adjusting process.⁶

Life Insurance

Part III of ch. 627, F.S., applies to life insurance and annuity contracts. “Life insurance,” is insurance of human lives and includes the granting of annuity contracts.⁷ Life insurance may:

- Provides a death benefit for an individual's beneficiaries;
- It allows survivors to pay off debts and other expenses; and
- It can also provide a source of income to replace that lost by the death of the insured.⁸

There are two primary types of life insurance:

¹ Section 626.854(1), F.S.

² *Id.*

³ Section 626.854(2), F.S.

⁴ Section 626.878(1), F.S.

⁵ Section 626.878(2), F.S.

⁶ Section 626.878(3), F.S.

⁷ Section 624.602(1), F.S.

⁸ <https://flor.com/life-health/life> (last visited March 27, 2025).

- Term, which provides insurance for a specified period of time at a lower cost; and
- Permanent, which provides a certain amount of coverage at variable rates and has variations, including universal life, which builds cash value and is widely marketed by life insurance companies.⁹

Universal Life Insurance

Universal life insurance is a type of permanent life insurance that, like other permanent insurance, has a cash value element and offers lifetime coverage so long as the policyholders pays the premiums.¹⁰ Unlike whole life insurance, universal life allows the policyholder to raise or lower premiums within certain limits, and it can be cheaper than whole life coverage. A disadvantage is that the policyholder must keep an eye on the cash value or the policy could become underfunded, meaning it may take big payments to keep the policy active.¹¹

A universal life insurance policyholder may increase or decrease the face amount of insurance, within limits stated in the policy, to meet changing needs. The policyholder can decide, within policy guidelines, on the amount of premiums and the schedule of payments. There may be limits on premiums because of tax laws. The policyholder may select a policy that is interest sensitive or one that has a guaranteed rate. Universal life insurance is useful for meeting various financial obligations that may occur during a lifetime, such as those that involve marriage or raising a family. Providing guaranteed death benefits for people who need them but want the opportunity to earn more interest on the policy's cash value. With an interest sensitive policy, the policyholder can accept at least part of the investment risk.¹²

Group Health Insurance Providers

Requirements for Group Health Insurance Policies Issued in Florida Insurers issuing group health insurance policies in Florida must comply with the requirements of part VII of ch. 627, F.S. This part contains most of the mandatory benefit and coverage requirements that must be provided by such policies. Some mandatory benefit requirements are in part I of chapter 627, F.S.

Dependent Coverage

An insurer offering coverage under a group, blanket, or franchise health insurance policy must insure a dependent child of the policyholder at least until the end of the calendar year in which the child reaches the age of 25, if the child is:

- Dependent upon the policyholder for support; and
- Living in the household of the policyholder, or the child is a full-time or part-time student.¹³

Such policy must also offer the policyholder the option to insure a dependent child at least until the end of the calendar year in which the child reaches the age of 30, if the child:

- Is unmarried and does not have a dependent of his or her own;

⁹ *Id.*

¹⁰ <https://www.investopedia.com/terms/u/universallife> (last visited March 27, 2025).

¹¹ *Id.*

¹² <https://www.myfloridacfo.com/life-insurance-guide.pdf> page 7 (last visited March 27, 2025).

¹³ Section 627.6562(1), F.S.

- Is a resident of this state or a full-time or part-time student; and
- Is not provided coverage as a named subscriber, insured, enrollee, or covered person under any other group, blanket, or franchise health insurance policy or individual health benefits plan, or is not entitled to benefits under Title XVIII of the Social Security Act.¹⁴

The dependent coverage requirements do not apply to accident only, specified disease, disability income, Medicare supplement, or long-term care insurance policies.¹⁵

Out-of-State Group Health Insurance Providers

Insurers that issue policies to groups or associations outside of Florida, but which are sold and marketed to individuals in Florida (who are issued “certificates”), are generally exempt from Florida’s rate filing and approval requirements. Group certificates issued in Florida must be filed with the Office of Insurance Regulation (OIR) “for information purposes only.”¹⁶ Any group health insurance policy issued or delivered outside this state under which a resident of this state is provided coverage must comply with the provisions of part VIII of ch. 627, F.S., in the same manner as group health policies issued in this state.¹⁷ However, such coverage is not required to comply with the provisions of part VIII of ch. 627, F.S., in the same manner as group health policies issued in this state if the policy complies with the restrictions on use of state and federal funds for state exchanges requirements of s. 627.66996, F.S., and provides the benefits specified in:

- Section 627.419, F.S., Construction of policies;
- Section 627.6574, F.S., Maternity care;
- Section 627.6575, F.S., Coverage for newborn children;
- Section 627.6579, F.S., Coverage for child health supervision services;
- Section 627.6612, F.S., Coverage for surgical procedures and devices incident to mastectomy;
- Section 627.66121, F.S., Coverage for length of stay and outpatient postsurgical care;
- Section 627.66122, F.S., Requirements with respect to breast cancer and routine follow-up care;
- Section 627.6613, F.S., Coverage for mammograms;
- Section 627.667, F.S., Extension of benefits;
- Section 627.6675, F.S., Conversion on termination of eligibility;
- Section 627.6691, F.S., Coverage for osteoporosis screening, diagnosis, treatment, and management; and
- Section 627.66911, F.S., Required coverage for cleft lip and cleft palate.

Motor Vehicle Insurance

The first automobile liability insurance policy was issued by Travelers Insurance Company in Dayton, Ohio, protecting the driver if his vehicle killed or injured someone or damaged their property.¹⁸ These coverages today are provided through bodily injury liability and property

¹⁴ Section 627.6562(2), F.S.

¹⁵ Section 627.6562(5), F.S.

¹⁶ Section 627.410(1), F.S.

¹⁷ Section 627.6515(1), F.S.

¹⁸ <https://www.iii.org/publications/insurance-handbook/brief-history> (last visited March 27, 2025).

damage liability insurance. In 1925, Connecticut passed the first financial responsibility law requiring owners of automobiles to demonstrate the ability to financially respond when they are at fault for damages caused to other persons and property.¹⁹ As the automobile became a ubiquitous part of American life, more states passed financial responsibility laws. Today, every state has a financial responsibility law regarding owning or operating a motor vehicle.

Florida's financial responsibility law exists to ensure that the privilege of owning or operating a motor vehicle on the public streets and highways is exercised with due consideration for others and their property, to promote safety, and to provide financial security requirements for the owners or operators of motor vehicles who are responsible to recompense others for injury to person or property caused by a motor vehicle.²⁰ The financial responsibility law requires drivers of motor vehicles with 4 or more wheels to purchase both personal injury protection (PIP) and property damage liability (PD) insurance.²¹ Florida law does not require insurance coverage for motorcycles; however, if a motorcyclist is involved in an accident, that person's license and registration are subject to suspension if insurance was not purchased.

A driver in compliance with the requirement to carry PIP coverage is not required to maintain bodily injury liability coverage, except that Florida law requires proof of ability to pay monetary damages for bodily injury and property damage liability arising out of a motor vehicle accident or serious traffic violation.²² The owner and operator of a motor vehicle need not demonstrate financial responsibility, i.e., obtain BI and PD coverages, until *after the accident*.²³ At that time, a driver's financial responsibility is proved by the furnishing of an active motor vehicle liability policy. The minimum amounts of liability coverages required are \$10,000 in the event of bodily injury to, or death of, one person, \$20,000 in the event of injury to, or death of, two or more persons, and \$10,000 in the event of damage to property of others, or \$30,000 combined BI/PD policy.²⁴ The driver's license and registration of the driver who fails to comply with the security requirement to maintain PIP and PD insurance coverage is subject to suspension.²⁵ A driver's license and registration may be reinstated by obtaining a liability policy and by paying a fee to the Department of Highway Safety and Motor Vehicles.²⁶

Roadside Assistance Coverage Through Motor Vehicle Insurance

Several insurers offer roadside assistance coverage in Florida. Roadside assistance coverage can help with non-accident-related events, such as mechanical or electrical breakdowns, however, using roadside assistance may be considered a claim, which may increase insurance rates.²⁷

Some car insurance companies report roadside assistance claims to ChoicePoint, a company in Alpharetta, Ga., that collects claims information for the auto insurance industry and this

¹⁹ *Id.*

²⁰ Section 324.011, F.S.

²¹ See ss. 324.022, F.S. and 627.733, F.S.

²² See ch. 324, F.S.

²³ Section 324.011, F.S.

²⁴ Section 324.022, F.S.

²⁵ Section 324.0221(2), F.S.

²⁶ Section 324.0221(3), F.S.

²⁷ *Finding the Best Car Insurance With Roadside Assistance*. <https://www.caranddriver.com/car-insurance/> (last visited March 27, 2025).

information may eventually be viewed by other auto insurers.²⁸ Multiple roadside assistance claims in a short period could cause some insurance companies to raise rates.²⁹

Claim Settlement Practices

Section 626.9743, F.S., provides certain settlement requirements for motor vehicle insurers in the settlements of claims. These include that an insurer:

- May not, when liability and damages owed under the policy are reasonably clear, recommend that a third-party claimant make a claim under his or her own policy solely to avoid paying the claim under the policy issued by that insurer.
- That elects to repair a motor vehicle and specifically requires a particular repair shop for vehicle repairs shall cause the damaged vehicle to be restored to its physical condition as to performance and appearance immediately prior to the loss at no additional cost to the insured or third-party claimant other than as stated in the policy.
- May not require the use of replacement parts in the repair of a motor vehicle which are not at least equivalent in kind and quality to the damaged parts prior to the loss in terms of fit, appearance, and performance.

Personal injury protection insurance benefits are considered overdue if not paid within 30 days after the insurer has been provided with written notice of the fact of a covered loss and of the amount of the loss.³⁰ However, there is not such a time limit on the payments of first-party physical damage insurance claims.

III. Effect of Proposed Changes:

Public Adjusters

Section 1 amends s. 626.854, F.S., to provide that a public adjuster, public adjuster apprentice, or public adjusting firm must provide a specific response to a written or electronic request for claim status from a claimant, an insured, or the person's designated representative within 14 days after receiving the request and must retain a copy of its response for its records.

Universal Life Insurance

Section 2 creates s. 627.4815, F.S., to provide requirements relating to universal health insurance policies. The bill provides definitions of the terms "cash surrender value," "fixed premium universal life insurance policy," "flexible premium universal life insurance policy," "net cash surrender value," "policy value," and "universal life insurance policy." "Universal life insurance policy" is defined as:

any individual life insurance policy, rider, group master policy, or individual certificate that includes separately identified interest credits and mortality and expense charges. A universal life insurance policy may also include other types of credits and charges. The term does not apply to policies, riders, group master policies, or individual certificates in

²⁸ Does using roadside assistance increase insurance rates? <https://www.insurance.com/roadside-assistance> (last visited March 27, 2025).

²⁹ *Id.*

³⁰ Section 627.736(4)(b), F.S.

connection with dividend accumulations, premium deposit funds, or other supplementary accounts.

The bill provides that the insurer of a universal life insurance policy must provide to the policyowner, at no cost, an annual report on the policy's status. The report must be sent within 3 months after the end of the reporting period and must include:

- The beginning and end of the current reporting period.
- The policy value at the end of the previous reporting period and at the end of the current reporting period.
- The total amounts that have been credited or debited to the policy value during the current reporting period, identified by type.
- The current death benefit at the end of the current reporting period on each life covered by the policy.
- The net cash surrender value of the policy as of the end of the current reporting period.
- The amount of outstanding loans, if any, as of the end of the current reporting period.
- For fixed premium policies, if, assuming guaranteed interest, mortality and expense loads, and continued scheduled premium payment, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to that effect.
- For flexible premium policies, if, assuming guaranteed interest and mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to that effect.
- For fixed premium or flexible premium policies, if, assuming guaranteed interest and mortality and expense loads, the policy's net cash surrender value will not maintain insurance in force until maturity of the contract, the projected date on which policy values will be insufficient to continue coverage in force.

The bill provides that these requirements apply to all universal life insurance policies except variable contracts as defined in s. 627.8015, F.S., which are annuity contracts, life insurance contracts, and contracts upon the lives of beneficiaries under life insurance contracts when such annuities or contracts provide variable or indeterminate benefits, values, or premiums for which assets are held in a separate account.

Out-of-State Group Health Insurance Providers

Section 3 amends s. 627.6515, F.S., to provide that, in order for an out-of-state group health insurance provider to be exempt from complying with the provisions of part VIII of ch. 627, F.S., in the same manner as group health policies issued in this state, the policies of such provider must offer to insure a dependent child of the policyholder at least until the end of the calendar year in which the child reaches the age of 25, if the child is:

- Dependent upon the policyholder for support; and
- Living in the household of the policyholder, or the child is a full-time or part-time student.

Such policy must also offer the policyholder the option to insure a dependent child at least until the end of the calendar year in which the child reaches the age of 30, if the child:

- Is unmarried and does not have a dependent of his or her own;
- Is a resident of this state or a full-time or part-time student; and
- Is not provided coverage as a named subscriber, insured, enrollee, or covered person under any other group, blanket, or franchise health insurance policy or individual health benefits plan, or is not entitled to benefits under Title XVIII of the Social Security Act.

Motor Vehicle Insurance

Roadside Assistance Coverage

Section 4 creates s. 627.7293, F.S., to require an automobile insurer that provides towing and labor coverage as a filed claim to provide the following language or substantially similar language on any web or electronic platform through which a towing or labor claim is made or verbally stated to the claimant if the claim is being made over the phone:

Your auto insurance policy provides coverage for towing and labor. Use of this coverage requires a filing of a claim. Such claim filing will remain in your claims' history for use of future underwriting of any initial or renewal offer made by this insurer or any other insurer.

The automobile insurer must obtain the claimant's express consent before submitting a claim filed under the towing and labor coverage. The disclosure requirement does not apply if the towing and labor claim is filed as part of a crash-related damage claim.

Claim Settlement Practices

Section 5 creates s. 627.7431, F.S., to provide requirements on automobile insurers in the payment of first-party claims. The bill defines "claim" as a first-party claim under a motor vehicle insurance policy providing coverage for a private passenger motor vehicle. The bill requires:

- Within 60 days after receipt of an initial, reopened, or supplemental first-party physical damage insurance claim from a policyholder, the insurer must pay or deny such claim or a portion of the claim unless the failure to pay is caused by factors beyond the control of the insurer.
- The insurer must provide a reasonable explanation in writing to the policyholder of the basis in the insurance policy for the payment, denial, or partial denial of a claim.
- If the insurer's claim payment is less than that specified in any insurer's detailed estimate of the amount of the loss, the insurer must provide a reasonable explanation in writing of the difference to the policyholder.
- Any payment of an initial or supplemental claim or portion of such claim made 60 days after the insurer receives notice of the claim, or made after the expiration of any additional timeframe provided to pay or deny a claim or a portion of a claim made pursuant to an order of the OIR finding factors beyond the control of the insurer, whichever is later, bears interest at the rate set forth in s. 55.03, F.S. Interest begins to accrue from the date the insurer receives notice of the claim.
- That these provisions may not be waived, voided, or nullified by the terms of the insurance policy.

- If there is a right to prejudgment interest, the insured must select whether to receive prejudgment interest or interest under this section. Interest is payable when the claim or portion of the claim is paid.
- Failure to comply with these provisions constitutes a violation of the Insurance Code but does not form the sole basis for a private cause of action.

The bill makes these provisions applicable to surplus lines insurers but not applicable to:

- Any claims covered under an insurance policy providing coverage for commercial motor vehicles as defined in s. 627.732, F.S.
- Any portion of a claim covered under an insurance policy covering private passenger motor vehicles if the portion of the claim is based on coverage for:
 - Personal injury protection;
 - Property damage liability;
 - Bodily injury;
 - Uninsured motorists or underinsured motorists; or
 - Medical payments.

The exceptions for the above coverages mean that generally the claim settlement practices established by the bill will apply to claims and portions of claims payable under collision coverage, comprehensive coverages, rental reimbursement, and towing and labor coverage.

The bill provides that the timelines of these requirements are tolled:

- During the pendency of any mediation proceeding under s. 627.745, F.S., or any alternative dispute resolution proceeding provided for in the insurance contract. The tolling period ends upon the end of the mediation or alternative dispute resolution proceeding.
- Upon the failure of a policyholder or a representative of the policyholder to provide material claims information requested by the insurer within 10 days after the request was received. The tolling period ends upon the insurer's receipt of the requested information. Tolling under this paragraph applies only to requests sent by the insurer to the policyholder or to a representative of the policyholder at least 15 days before the insurer is required to pay or deny the claim or a portion of the claim.

For purposes of this section, "factors beyond the control of the insurer" means:

- Any of the following events that is the basis for the OIR issuing an order finding that such event renders all or specified motor vehicle insurers reasonably unable to meet the requirements of this section in specified locations and ordering that such insurer or insurers may have additional time, not exceeding 30 days, as specified by the OIR, to comply with the requirements of this section: a state of emergency declared by the Governor under s. 252.36, F.S., a breach of security that must be reported under s. 501.171(3), F.S., or an information technology issue.
- Actions by the policyholder or the policyholder's representative which constitute fraud, lack of cooperation, or intentional misrepresentation regarding the claim for which benefits are owed, when such actions reasonably prevent the insurer from complying with any requirement of this section.

- Actions by any repair company which constitute fraud, lack of cooperation, or intentional misrepresentation regarding the claim for which benefits are owed, when such actions reasonably prevent the insurer from complying with any requirement of this section.
- Inaccessibility to or delay in the arrival of parts necessary for the repair of the vehicle.

Effective Date

Section 6 provides that the bill takes effect July 1, 2025.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill will have an impact on the operations of the affected insurers.

C. Government Sector Impact:

The bill does not appear to have a significant impact on state or local government

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 626.854 and 627.6515.

This bill creates the following sections of the Florida Statutes: 627.4815, 627.7293, and 627.7431.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.