

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [CS/HB 1433](#)

TITLE: Hurricane Mitigation Grants and Insurers' Regulations

SPONSOR(S): Benarroch

COMPANION BILL: [CS/SB 1740](#) (Ingoglia)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Insurance & Banking](#)

16 Y, 0 N, As CS

[Budget](#)

[Commerce](#)

SUMMARY

Effect of the Bill:

The bill:

- Provides that a hurricane mitigation grant under the My Safe Florida Home Program may be awarded only for each mitigation improvement that will result in a property insurance premium mitigation credit, discount, or other rate differential and requires the Department of Financial Services to mandate improvements to all openings as a condition of reimbursing a homeowner approved for a grant if determined necessary.
- Increases minimum surplus requirements for certain residential property insurers and provides staggered dates for existing insurers to meet the new requirements.
- Prohibits a person who was an officer or director of an insolvent insurer or the attorney in fact or officer or director of the attorney in fact for an insolvent reciprocal insurer within 5 years of such insolvency from thereafter serving certain leadership roles and prohibits payments to a managing general agent, affiliate, or attorney in fact that has such a person occupying a director, officer, or attorney in fact position until OIR determines the violation has been remedied.
- Reduces potential delays in the effectiveness of residential property insurance rate decreases by limiting when the Office of Insurance Regulation (OIR) can request a waiver of deemed approval or issue a notice of intent to disapprove such filings.
- Establishes a statutory framework governing the use of artificial intelligence in claims handling.

Fiscal or Economic Impact:

None.

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ANALYSIS

EFFECT OF THE BILL:

Hurricane Mitigation Grants

The bill provides that a [hurricane mitigation grant](#) under the [My Safe Florida Home Program](#) may be awarded only for each mitigation improvement that will result in a [property insurance premium mitigation credit, discount, or other rate differential](#). (Section [1](#)).

The bill provides that if necessary for the home to qualify for a mitigation credit, discount, or other rate differential, the Department of Financial Services (DFS) is required to mandate improvements to all openings including exterior doors, garage doors, windows, and skylights, as a condition of reimbursing a homeowner approved for a grant. (Section [1](#)).

Surplus Requirement for New Residential Property Insurers (Section [2](#))

The bill increases the minimum surplus requirement for a new domestic insurer as follows:

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DATE: 4/11/2025

- \$35 million for an insurer that transacts residential property insurance and is not a wholly owned subsidiary of an insurer domiciled in any other state (up from \$15 million).
- \$12.5 million for an insurer that only transacts limited sinkhole coverage insurance for personal lines residential property (up from \$7.5 million).
- \$15 million for an insurer that only transacts residential property insurance in the form of renter's insurance, tenant's coverage, cooperative unit owner insurance, or any combination thereof (up from \$10 million).

Surplus Requirement for Residential Property Insurers (Section 4)

The bill provides that the minimum surplus requirement for existing residential property insurers is:

- \$35 million for insurers not holding a certificate of authority before July 1, 2025;
- \$15 million for insurers holding a certificate of authority before July 1, 2025, and until June 30, 2030;
- \$25 million for insurers holding a certificate of authority on or after July 1, 2030, and until June 30, 2035; and
- \$35 million for insurers holding a certificate of authority on or after July 1, 2035.

The bill provides that the minimum surplus requirement for a domestic insurer that only transacts limited sinkhole coverage insurance for personal lines residential property is:

- \$12.5 million for an insurer that does not hold a certificate of authority before July 1, 2025.
- \$7.5 million for an insurer holding a certificate of authority before July 1, 2025, and until June 30, 2030
- \$10 million for an insurer holding a certificate of authority on or after July 1, 2030 and until June 30, 2035.
- \$12.5 million for an insurer holding a certificate of authority on or after July 1, 2025.

Officers and Directors of Insolvent Insurers (Section 3)

The bill amends existing provisions limiting an officer or director of an insurer who served in that capacity within the 2-year period before the date the insurer became insolvent from serving in certain positions of authority to apply to insolvencies that occurred on or after July 1, 2002, but before July 1, 2025.

The bill provides that any person who was an officer or director of an insurer doing business in this state, the attorney in fact of a reciprocal insurer doing business in this state, or an officer or director of an attorney in fact of a reciprocal insurer doing business in this state and who served in that capacity within the 5-year period before the date such insurer or reciprocal insurer became insolvent, for any insolvency that occurs on or after July 1, 2025, may not thereafter do any of the following:

- Serve as an officer or a director of an insurer authorized in this state.
- Serve as an officer or a director of a managing general agent of an insurer authorized in this state.
- Serve as an attorney in fact or as an officer or a director of the attorney in fact of a reciprocal insurer authorized in this state.
- Serve as an officer or a director of an affiliate of an insurer authorized in this state which provides services to such insurer.
- Exercise direct or indirect control through contract, trust, or by operation of law over the selection or appointment of any position specified above.

The bill provides that these prohibitions do not apply if the officer, director, or attorney in fact demonstrates, and the OIR determines, that his or her personal actions or omissions were not a significant contributing cause to the insolvency.

For any violation of the prohibitions described above, the OIR must prohibit an insurer or reciprocal insurer authorized in this state from paying any compensation to a managing general agent, affiliate, or attorney in fact that has an officer or director or is an attorney in fact that engaged in such violation until OIR determines the violation has been remedied.

Rate Regulation Procedures

The bill prohibits the OIR from requesting that an insurer waive the "[deemed approval](#)" of a rate filing when the filing proposes a rate decrease, as long as the decrease is not solely the result of a reduction in coverage or changes to policy forms. Additionally, the OIR may not issue a notice of intent to disapprove a residential property

insurance rate filing that includes a proposed rate decrease unless it has completed a finalized review of the filing. (Section [5](#)).

Use of AI in Claims Handling

The bill creates a statutory framework regulating the use of algorithms¹, artificial intelligence (AI) systems², and machine learning systems³ in insurance claims handling. The bill allows insurers to use these technologies—including systems that can make predictions or generate recommendations—to assist in processing claims. However, it prohibits the denial of a claim—or any portion of a claim—based solely on the output of such systems. A final denial decision must be made and documented by a qualified human professional⁴ who independently analyzes the claim, reviews the policy terms, and verifies the accuracy of any automated recommendations.

Additionally, the bill requires insurers to maintain detailed records of claim denials, including the identity of the human professional responsible for the decision, the timing of the decision and any reviews, and the specific basis for denial. Any written communication to a claimant must identify the responsible human professional and affirm that the claim was not denied solely based on algorithmic or AI output. Also, insurers using these systems must include procedures for their use and compliance with this portion of the bill in their claims handling manuals. The OIR is authorized to verify compliance through market conduct examinations or other lawful investigative methods. (Section [6](#)).

The bill provides an effective date of July 1, 2025. (Section [7](#)).

RELEVANT INFORMATION

SUBJECT OVERVIEW:

My Safe Florida Home Program

Background

In 2006, the Legislature created the My Safe Florida Home Program (MSFH Program) within DFS, with the intent that the MSFH Program provide licensed inspectors to perform inspections for owners of site-built, single-family, residential properties and grants to eligible applicants, subject to the availability of funds.⁵ Under the MSFH Program, DFS must develop and implement a comprehensive and coordinated approach for hurricane damage mitigation that may include hurricane mitigation inspections,⁶ mitigation grants,⁷ and education, consumer awareness, and outreach.⁸

Mitigation Grants

Financial grants under the MSFH Program are intended to encourage single-family, site-built, owner-occupied, residential property owners to retrofit their properties to make them less vulnerable to hurricane damage.⁹ For a homeowner to be eligible for a grant, the following criteria must be met:

- The homeowner must have been granted a homestead exemption on the home under ch. 196, F.S.;¹⁰
- The home must be a dwelling with an insured value of \$700,000 or less;¹¹

¹ The bill defines "Algorithm" to mean a clearly specified mathematical process for computation that uses rules designed to give prescribed results.

² The bill defines "Artificial intelligence system" to mean a machine-based system that may have varying levels of autonomy and that can, for a given set of objectives, generate outputs such as predictions, recommendations, content, or other outputs influencing decisions made in real or virtual environments.

³ The bill defines "Machine learning system" to mean an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

⁴ The bill defines "Qualified human professional" to mean an individual who, under the Florida Insurance Code, has authority to adjust or deny a claim or a portion of a claim and has such authority over a particular claim.

⁵ S. [215.5586, F.S.](#)

⁶ See [s. 215.5586\(1\), F.S.](#)

⁷ See [s. 215.5586\(2\), F.S.](#)

⁸ See [s. 215.5586\(3\), F.S.](#)

⁹ [s. 215.5586\(2\), F.S.](#)

¹⁰ Chapter 196, F.S., relates to, among other things, homestead exemptions.

- The home must undergo an acceptable hurricane mitigation inspection under the MSFH Program;
- The building permit application for initial construction of the home must have been made before January 1, 2008; and
- The homeowner must agree to make his or her home available for inspection once a mitigation project is completed.¹²

An application for a grant must contain a signed or electronically verified statement, made under penalty of perjury, that the applicant has submitted only a single application.¹³ The application must include attachments that demonstrate the applicant meets the requirements described above.¹⁴

[Residential Property Insurance Mitigation Credits, Discounts, or Other Rate Differentials](#)

Residential property insurance rates must account for mitigation measures undertaken by policyholders to reduce hurricane losses.¹⁵ Specifically, insurer rate filings must include actuarially reasonable discounts, credits, or other rate differentials or appropriate reductions in deductibles to consumers who implement windstorm damage mitigation techniques to their properties.¹⁶ Upon their filing by an insurer or rating organization, the Office of Insurance Regulation (OIR) determines the discounts, credits, and other rate differentials.¹⁷ Windstorm mitigation measures that must be evaluated for purposes of mitigation discounts include fixtures or construction techniques that enhance roof strength, roof covering performance, roof-to-wall strength, wall-to-floor-to-foundation strength, opening protection, and window, door, and skylight strength.¹⁸

An insurer is required to notify an applicant or policyholder of any personal lines residential property insurance policy, at the time of the issuance of the policy and at each renewal, of the availability of each premium discount, credit, other rate differential for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm can be or have been installed or implemented.¹⁹ The Financial Services Commission is required to develop a uniform mitigation verification inspection form to be used by all insurers when submitted by policyholders for the purpose of factoring discounts for wind insurance.²⁰

Insurance Company Surplus

To transact insurance in Florida, insurers must apply for a certificate of authority and meet certain surplus requirements. The surplus requirements for existing insurers are different than the requirements for new insurers.²¹

[Surplus Requirement for New Residential Property Insurers](#)

S. 624.407, F.S. establishes the surplus requirement for new insurers doing business in this state. The minimum surplus requirement for a new domestic insurer that transacts residential property insurance is:

- \$15 million if not a wholly owned subsidiary of an insurer domiciled in any other state.²²
- \$50 million if a wholly owned subsidiary of an insurer domiciled in any other state.²³

The minimum surplus requirement for a domestic insurer that only transacts limited sinkhole coverage insurance for personal lines residential property is \$7.5 million.²⁴

¹¹ Homeowners who are low-income persons, as defined s. 420.0004(11), F.S., are exempt from this requirement. The term “low-income persons” is defined by s. 420.0004(11), F.S., as one or more natural persons or a family, the total annual adjusted gross household income of which does not exceed 80% of the median annual adjusted gross income for households within the state, or 80% of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater.

¹² S. 215.5586(2)(a), F.S.

¹³ s. 215.5586(2), F.S.

¹⁴ *Id.*

¹⁵ s. 627.062(2)(j), F.S.

¹⁶ S. 627.0629(1), F.S.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ S. 627.711(1), F.S.

²⁰ S. 627.711(2)(a), F.S.

²¹ *See* ss. 624.407 and 624.408, F.S.

²² S. 624.407(1)(e)1, F.S.

²³ S. 624.407(1)(e)2, F.S.

An insurer that only transacts residential property renter's insurance, tenant's coverage, or cooperative unit owner insurance, or any combination thereof, must have a minimum surplus of \$10 million.²⁵

[Surplus Requirement for Existing Residential Property Insurers](#)

S. 624.408, F.S. establishes the surplus requirement for existing insurers doing business in this state. The minimum surplus requirement for existing residential property insurers is:

- \$15 million for residential property insurers not holding a certificate of authority before July 1, 2011;
- \$5 million for residential property insurers holding a certificate of authority before July 1, 2011, and until June 30, 2016;
- \$10 million for residential property insurers holding a certificate of authority on or after July 1, 2016, and until June 30, 2021; and
- \$15 million for residential property insurers holding a certificate of authority on or after July 1, 2021.²⁶

The minimum surplus requirement for a domestic insurer that only transacts limited sinkhole coverage insurance for personal lines residential property is \$7.5 million.²⁷

The minimum surplus requirement for an insurer that only transacts residential property insurance in the form of renter's insurance, tenant's coverage, cooperative unit owner insurance, or any combination thereof, is \$10 million.²⁸

[Officers and Directors of Insolvent Insurers](#)

The OIR has broad authority to deny, suspend, or revoke an insurer's authority to transact insurance in Florida if it finds the insurer's officers or directors to be:²⁹

- Incompetent or untrustworthy;
- So lacking in insurance company managerial experience as to make the proposed operation hazardous to the insurance-buying public;
- So lacking in insurance experience, ability, and standing as to jeopardize the reasonable promise of successful operation; or
- Affiliated directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders, stockholders, investors, creditors, or the public, by manipulation of assets, accounts, or reinsurance or by bad faith.

The OIR may not grant or continue authority to transact insurance to any insurer if any person, including any subscriber, stockholder, or incorporator, who exercises or has the ability to exercise effective control of the insurer, or who influences or has the ability to influence the transaction of the business of the insurer, does not possess the financial standing and business experience for the successful operation of the insurer.³⁰

An officer or director of an insurer who served in that capacity within the 2-year period before the date the insurer became insolvent may not serve as an officer or director of an insurer authorized in this state or have direct or indirect control over the selection or appointment of an officer or director through contract, trust, or by operation of law, unless the officer or director demonstrates to the OIR that his or her personal actions or omissions were not a significant contributing cause to the insolvency.³¹ This applies to any insolvency that occurs on or after July 1, 2002, but does not have a definite end date.

[Regulation of Insurance Rates](#)

²⁴ S. [624.407\(1\)\(f\), F.S.](#)

²⁵ S. [624.407\(1\)\(g\), F.S.](#)

²⁶ S. [624.408\(1\), F.S.](#)

²⁷ S. [624.408\(1\)\(h\), F.S.](#)

²⁸ S. [624.408\(1\)\(i\), F.S.](#)

²⁹ S. [624.404\(3\)\(a\), F.S.](#)

³⁰ S. [624.404\(3\)\(b\), F.S.](#)

³¹ S. [624.4073, F.S.](#)

Part I of chapter 627, F.S., known as the Rating Law, governs property, casualty, and surety insurance covering risks that are located in, resident in, or to be performed in Florida.³² The Rating Law requires that rates for all classes of insurance it governs must not be excessive, inadequate, or unfairly discriminatory.³³ Although the terms “rate” and “premium” are often used interchangeably, the Rating Law distinguishes between them. A rate is the unit charge that is multiplied by the measure of exposure or amount of insurance specified in the policy. This calculation results in the premium, which is the amount paid by the consumer for coverage.³⁴

When a rate filing is submitted, the Office of Insurance Regulation (OIR) reviews it to determine whether the rate is excessive, inadequate, or unfairly discriminatory. The OIR makes this determination using generally accepted actuarial techniques and considers a variety of factors, including:

- Past and prospective loss experience;
- Past and prospective expenses;
- The degree of competition among insurers for the risk insured;
- Investment income reasonably expected by the insurer;
- The reasonableness of the judgment reflected in the rate filing;
- Dividends, savings, or unabsorbed premium deposits returned to policyholders;
- The adequacy of loss reserves;
- The cost of reinsurance;
- Trend factors, including trends in actual losses per insured unit for the insurer;
- Conflagration and catastrophe hazards;
- Projected hurricane losses;
- Projected flood losses, if the policy covers the risk of flood;
- The cost of medical services, if applicable;
- A reasonable margin for underwriting profit and contingencies; and
- Other relevant factors that affect the frequency or severity of claims or expenses.³⁵

All insurers or rating organizations writing property or casualty insurance under this part must submit an annual base rate filing for each applicable line of insurance. This filing must be submitted to the OIR no later than 12 months after the insurer’s previous base rate filing and must demonstrate that the rates are not inadequate.³⁶ If no rate change is proposed, an insurer may satisfy the annual filing requirement by submitting a certification from an actuary. The certification must state that the current rate levels are actuarially sound and not inadequate, as defined in [s. 627.062, F.S.](#)³⁷

Waiver of Timelines

All insurers or rating organizations must file rates with the OIR in one of two ways:

- “File and use”: The filing is submitted at least 90 days before the proposed effective date.
- “Use and file”: The filing is submitted within 30 days after the new rate becomes effective.³⁸

For “file and use” filings, the rate is [deemed approved](#) if the OIR does not issue a notice of intent to approve or disapprove within 90 days of receiving the filing.³⁹

Legal Waiver of Rights

As a general legal principle, a person may waive any right that:

- Affects their own property;

³² [s. 627.021\(1\), F.S.](#)

³³ [s. 627.062\(1\), F.S.](#)

³⁴ [s. 627.041, F.S.](#)

³⁵ [s. 627.062\(2\)\(b\), F.S.](#)

³⁶ [s. 627.0645\(1\), F.S.](#)

³⁷ Rates shall be deemed inadequate if they are clearly insufficient, together with the investment income attributable to them, to sustain projected losses and expenses in the class of business to which they apply. Section 627.062(2)(e)3., F.S. A rate shall be deemed inadequate as to the premium charged to a risk or group of risks if discounts or credits are allowed which exceed a reasonable reflection of expense savings and reasonably expected loss experience from the risk or group of risks. S. 627.062(2)(3)5., F.S.

³⁸ [s. 627.062\(2\)\(a\), F.S.](#)

³⁹ [s. 627.062\(2\)\(a\)1., F.S.](#)

- Belongs solely to them; and
- Is not prohibited from being waived by law or public policy.⁴⁰

This includes rights that are secured by contract, granted by statute, or even guaranteed by the Constitution—so long as the waiver does not interfere with the rights of others and is not contrary to public policy.⁴¹

Artificial Intelligence in Claim Handling

Artificial intelligence (AI) is the development of computer systems to perform tasks that normally require human intelligence, such as learning and decision-making.⁴² It enables computer systems to receive information that is either provided to them by others or gathered by them, which they can then process and respond to in some meaningful way. To a certain extent, AI systems are capable of adapting their behavior by analyzing the effects of previous actions and working autonomously.⁴³ AI technologies are also beginning to see increased use in certain insurance operations, such as underwriting and claims handling.⁴⁴ Concerns about the potential misuse or unintended consequences of AI have prompted efforts to examine and develop standards at the federal and state levels.⁴⁵

Insurance Claims Adjusters

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.⁴⁶ Current law provides the following five adjuster licenses:

- An all-lines adjuster,
- Temporary license all-lines adjuster,
- Public adjuster,
- Public adjuster apprentice, and
- Catastrophe or emergency adjuster.⁴⁷

A licensed all-lines adjuster may be appointed as an independent adjuster, or company employee adjuster, but not concurrently as both.⁴⁸ An all-lines adjuster means a person who acts on behalf of an insurer to determine the amount of and settle a claim (adjust).⁴⁹ An “independent adjuster” is defined as a person who is licensed as an all-lines adjuster and who is self-appointed or works for an independent adjusting firm to adjust claims.⁵⁰ A “company adjuster” is defined as a person who is licensed as an all-lines adjuster and who is appointed and employed by an insurer to adjust claims.⁵¹

OTHER RESOURCES:

[My Safe Florida Home](#)

⁴⁰ AGO 077-41.

⁴¹ *Schoeff v. R.J. Reynolds Tobacco Co.*, 232 So.3d 294 (Fla. 2017), citing *DK Arena, Inc. v. EB Acquisitions I, LLC*, 112 So.3d 85, 97 (Fla. 2013) (quoting *Gilman v. Butzloff*, 155 Fla. 888, 22 So.2d 263, 265 (1945)).

⁴² National Conference of State Legislatures (NCSL), *Artificial Intelligence 2023 Legislation*, Jan. 12, 2024, <https://www.ncsl.org/technology-and-communication/artificial-intelligence-2023-legislation> (last visited April 10, 2025).

⁴³ European Parliament, *What is artificial intelligence and how is it used?*, E.U. News, Jun. 20, 2023, <https://www.europarl.europa.eu/news/en/headlines/society/20200827STO85804/what-is-artificial-intelligence-and-how-is-it-used> (last visited April 10, 2025).

⁴⁴ National Association of Insurance Commissioners, *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*, adopted Dec. 3, 2023, <https://content.naic.org/sites/default/files/inline-files/Model> (last visited April 11, 2025).

⁴⁵ NCSL, *Artificial Intelligence 2023 Legislation*, Jan. 12, 2024, <https://www.ncsl.org/technology-and-communication/artificial-intelligence-2023-legislation> (last visited April 10, 2025).

⁴⁶ Ch. 626, parts I, II, III, IV, V, VI, VIII, IX, and XIII, F.S.

⁴⁷ S. 626.859, F.S.

⁴⁸ S. 626.864, F.S.

⁴⁹ S. 626.8548, F.S.

⁵⁰ S. 626.855, F.S.

⁵¹ S. 626.856, F.S.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee	16 Y, 0 N, As CS	4/10/2025	Hamon	Herrera
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> Prohibited the Office of Insurance Regulation (OIR) from requesting that an insurer waive “deemed approval” for a residential property insurance rate filing that proposes a rate decrease, unless the decrease is solely due to reduced coverage or policy form changes. Prohibited the OIR from issuing a notice of intent to disapprove a rate filing that proposes a rate decrease unless the review of the filing is finalized. Established a statutory framework governing the use of artificial intelligence in claims handling. 			
Budget Committee				
Commerce Committee				

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