

1 A bill to be entitled
2 An act relating to hurricane mitigation grants and
3 insurers' regulations; amending s. 215.5586, F.S.;
4 revising legislative intent; specifying that hurricane
5 mitigation grants funded through the My Safe Florida
6 Home Program may be awarded only under certain
7 circumstances; requiring the Department of Financial
8 Services to require that certain mitigation
9 improvements be made as a condition of reimbursing a
10 homeowner approved for a grant; amending ss. 624.407
11 and 624.408, F.S.; increasing the surpluses required
12 for certain insurers applying for their original
13 certificates of authority and maintaining their
14 certificates of authority, respectively; amending s.
15 624.4073, F.S.; specifying prohibitions for persons
16 who were officers or directors of an insolvent
17 insurer, officers or directors of a managing general
18 agent of an insolvent insurer, attorneys in fact of an
19 insolvent reciprocal insurer, or officers or directors
20 of an attorney in fact of an insolvent reciprocal
21 insurer; providing applicability; requiring the Office
22 of Insurance Regulation to prohibit insurers or
23 reciprocal insurers from paying any compensation to
24 certain persons for certain violations until the
25 violations are remedied; amending s. 627.062, F.S.;

26 prohibiting the office from requesting insurers to
27 waive deemed approvals for residential property
28 insurance rate filings under certain circumstances;
29 prohibiting the office from issuing notices of intent
30 to disapprove residential property insurance rate
31 filings under certain circumstances; creating s.
32 627.4263, F.S.; defining terms; authorizing insurers
33 to use algorithms, artificial intelligence systems,
34 and machine learning systems to assist in processing
35 claims; prohibiting the use of algorithms, artificial
36 intelligence systems, and machine learning systems as
37 the sole basis for denying claims or portions of
38 claims; requiring that insurers' final decisions to
39 deny claims or portions of claims be made by qualified
40 human professionals; specifying the duties of
41 qualified human professionals; requiring insurers to
42 maintain certain records; requiring insurers to
43 include certain information in claims denial
44 communications to claimants; requiring that certain
45 insurers detail specified information in claims-
46 handling manuals; authorizing the office to conduct
47 market conduct examinations, perform investigations,
48 and use other lawful methods for a specified purpose;
49 providing an effective date.

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

Section 1. Section 215.5586, Florida Statutes, is amended to read:

215.5586 My Safe Florida Home Program.—There is established within the Department of Financial Services the My Safe Florida Home Program. The department shall provide fiscal accountability, contract management, and strategic leadership for the program, consistent with this section. This section does not create an entitlement for property owners or obligate the state in any way to fund the inspection or retrofitting of residential property in this state. Implementation of this program is subject to annual legislative appropriations. It is the intent of the Legislature that, subject to the availability of funds, the My Safe Florida Home Program provide licensed inspectors to perform hurricane mitigation inspections of eligible homes and grants to fund hurricane mitigation projects that result in property insurance credits, discounts, or other rate differentials on those homes. The department shall implement the program in such a manner that the total amount of funding requested by accepted applications, whether for inspections, grants, or other services or assistance, does not exceed the total amount of available funds. If, after applications are processed and approved, funds remain available, the department may accept applications up to the available

76 amount. The program shall develop and implement a comprehensive
77 and coordinated approach for hurricane damage mitigation
78 pursuant to the requirements provided in this section.

79 (1) HURRICANE MITIGATION INSPECTIONS.—

80 (a) To be eligible for a hurricane mitigation inspection
81 under the program:

82 1. A home must be a single-family, detached residential
83 property or a townhouse as defined in s. 481.203;

84 2. A home must be site-built and owner-occupied; and

85 3. The homeowner must have been granted a homestead
86 exemption on the home under chapter 196.

87 (b)1. An application for a hurricane mitigation inspection
88 must contain a signed or electronically verified statement made
89 under penalty of perjury that the applicant has submitted only
90 one inspection application on the home or that the application
91 is allowed under subparagraph 2., and the application must have
92 documents attached which demonstrate that the applicant meets
93 the requirements of paragraph (a).

94 2. An applicant may submit a subsequent hurricane
95 mitigation inspection application for the same home only if:

96 a. The original hurricane mitigation inspection
97 application has been denied or withdrawn because of errors or
98 omissions in the application;

99 b. The original hurricane mitigation inspection
100 application was denied or withdrawn because the home did not

101 meet the eligibility criteria for an inspection at the time of
102 the previous application, and the homeowner reasonably believes
103 the home now is eligible for an inspection; or

104 c. The program's eligibility requirements for an
105 inspection have changed since the original application date, and
106 the applicant reasonably believes the home is eligible under the
107 new requirements.

108 (c) An applicant meeting the requirements of paragraph (a)
109 may receive an inspection of a home under the program without
110 being eligible for a grant under subsection (2) or applying for
111 such grant.

112 (d) Licensed inspectors are to provide home inspections of
113 eligible homes to determine what mitigation measures are needed,
114 what insurance premium discounts may be available, and what
115 improvements to existing residential properties are needed to
116 reduce the property's vulnerability to hurricane damage. An
117 inspector may inspect a townhouse as defined in s. 481.203 to
118 determine if opening protection mitigation as listed in
119 subparagraph (2)(e)1. would provide improvements to mitigate
120 hurricane damage.

121 (e) The department shall contract with wind certification
122 entities to provide hurricane mitigation inspections. The
123 inspections provided to homeowners, at a minimum, must include:

124 1. A home inspection and report that summarizes the
125 results and identifies recommended improvements a homeowner may

126 take to mitigate hurricane damage.

127 2. A range of cost estimates regarding the recommended
128 mitigation improvements.

129 3. Information regarding estimated premium discounts,
130 correlated to the current mitigation features and the
131 recommended mitigation improvements identified by the
132 inspection.

133 (f) To qualify for selection by the department as a wind
134 certification entity to provide hurricane mitigation
135 inspections, the entity must, at a minimum, meet the following
136 requirements:

137 1. Use hurricane mitigation inspectors who are licensed or
138 certified as:

- 139 a. A building inspector under s. 468.607;
140 b. A general, building, or residential contractor under s.
141 489.111;
142 c. A professional engineer under s. 471.015;
143 d. A professional architect under s. 481.213; or
144 e. A home inspector under s. 468.8314 and who have
145 completed at least 3 hours of hurricane mitigation training
146 approved by the Construction Industry Licensing Board, which
147 training must include hurricane mitigation techniques,
148 compliance with the uniform mitigation verification form, and
149 completion of a proficiency exam.

150 2. Use hurricane mitigation inspectors who also have

undergone drug testing and a background screening. The department may conduct criminal record checks of inspectors used by wind certification entities. Inspectors must submit a set of fingerprints to the department for state and national criminal history checks and must pay the fingerprint processing fee set forth in s. 624.501. The fingerprints must be sent by the department to the Department of Law Enforcement and forwarded to the Federal Bureau of Investigation for processing. The results must be returned to the department for screening. The fingerprints must be taken by a law enforcement agency, designated examination center, or other department-approved entity.

3. Provide a quality assurance program including a reinspection component.

(2) HURRICANE MITIGATION GRANTS.—Financial grants shall be used by homeowners to make improvements recommended by an inspection which increase resistance to hurricane damage.

(a) A homeowner is eligible for a hurricane mitigation grant if all of the following criteria are met:

1. The home must be eligible for an inspection under subsection (1).

2. The home must be a dwelling with an insured value of \$700,000 or less. Homeowners who are low-income persons, as defined in s. 420.0004(11), are exempt from this requirement.

3. The home must undergo an acceptable hurricane

mitigation inspection as provided in subsection (1).

4. The building permit application for initial construction of the home must have been made before January 1, 2008.

5. The homeowner must agree to make his or her home available for inspection once a mitigation project is completed.

6. The homeowner must agree to provide to the department information received from the homeowner's insurer identifying the discounts realized by the homeowner because of the mitigation improvements funded through the program.

(b)1. An application for a grant must contain a signed or electronically verified statement made under penalty of perjury that the applicant has submitted only one grant application or that the application is allowed under subparagraph 2., and the application must have documents attached demonstrating that the applicant meets the requirements of paragraph (a).

2. An applicant may submit a subsequent grant application if:

a. The original grant application was denied or withdrawn because the application contained errors or omissions;

b. The original grant application was denied or withdrawn because the home did not meet the eligibility criteria for a grant at the time of the previous application, and the homeowner reasonably believes that the home now is eligible for a grant;
or

201 c. The program's eligibility requirements for a grant have
202 changed since the original application date, and the applicant
203 reasonably believes that he or she is an eligible homeowner
204 under the new requirements.

205 3. A grant application must include a statement from the
206 homeowner which contains the name and state license number of
207 the contractor that the homeowner acknowledges as the intended
208 contractor for the mitigation work. The program must
209 electronically verify that the contractor's state license number
210 is accurate and up to date before grant approval.

211 (c) All grants must be matched on the basis of \$1 provided
212 by the applicant for \$2 provided by the state up to a maximum
213 state contribution of \$10,000 toward the actual cost of the
214 mitigation project, except as provided in paragraph (h).

215 (d) All hurricane mitigation performed under the program
216 must be based upon the securing of all required local permits
217 and inspections and must be performed by properly licensed
218 contractors.

219 (e) When recommended by a hurricane mitigation inspection,
220 grants for eligible homes may be used for the following
221 improvements:

222 1. Opening protection, including exterior doors, garage
223 doors, windows, and skylights.

224 2. Reinforcing roof-to-wall connections.

225 3. Improving the strength of roof-deck attachments.

226 4. Secondary water resistance for roof.

227 (f) When recommended by a hurricane mitigation inspection,
228 grants for townhouses, as defined in s. 481.203, may only be
229 used for opening protection.

230 (g) A grant may be awarded only for each mitigation
231 improvement that, when applied to the home, will result in a
232 property insurance mitigation credit, discount, or other rate
233 differential. If necessary for the home to qualify for a
234 mitigation credit, discount, or other rate differential, the
235 department must ~~may~~ require that improvements be made to all
236 openings, including exterior doors, garage doors, windows, and
237 skylights, as a condition of reimbursing a homeowner approved
238 for a grant. The department may adopt, by rule, the maximum
239 grant allowances for any improvement allowable under paragraph
240 (e) or paragraph (f).

241 (h) Low-income homeowners, as defined in s. 420.0004(11),
242 who otherwise meet the applicable requirements of this
243 subsection are eligible for a grant of up to \$10,000 and are not
244 required to provide a matching amount to receive the grant.

245 (i)1. The department shall develop a process that ensures
246 the most efficient means to collect and verify inspection
247 applications and grant applications to determine eligibility.
248 The department may direct hurricane mitigation inspectors to
249 collect and verify grant application information or use the
250 Internet or other electronic means to collect information and

251 determine eligibility.

252 2. The department shall prioritize the review and approval
253 of such inspection applications and grant applications in the
254 following order:

255 a. First, applications from low-income persons, as defined
256 in s. 420.0004, who are at least 60 years old;

257 b. Second, applications from all other low-income persons,
258 as defined in s. 420.0004;

259 c. Third, applications from moderate-income persons, as
260 defined in s. 420.0004, who are at least 60 years old;

261 d. Fourth, applications from all other moderate-income
262 persons, as defined in s. 420.0004; and

263 e. Last, all other applications.

264 3. The department shall start accepting inspection
265 applications and grant applications no earlier than the
266 effective date of a legislative appropriation funding
267 inspections and grants, as follows:

268 a. Initially, from applicants prioritized under sub-
269 subparagraph 2.a.;

270 b. From applicants prioritized under sub-subparagraph
271 2.b., beginning 15 days after the program initially starts
272 accepting applications;

273 c. From applicants prioritized under sub-subparagraph
274 2.c., beginning 30 days after the program initially starts
275 accepting applications;

276 d. From applicants described in sub-subparagraph 2.d.,
277 beginning 45 days after the program initially starts accepting
278 applications; and

279 e. From all other applicants, beginning 60 days after the
280 program initially starts accepting applications.

281 4. The program may accept a certification directly from a
282 low-income homeowner or moderate-income homeowner who meets the
283 requirements of s. 420.0004(11) or (12), respectively, if the
284 homeowner provides such certification in a signed or
285 electronically verified statement made under penalty of perjury.

286 (j) A homeowner who receives a grant shall finalize
287 construction and request a final inspection, or request an
288 extension for an additional 6 months, within 1 year after grant
289 approval. If a homeowner fails to comply with this paragraph,
290 his or her application is deemed abandoned and the grant money
291 reverts to the department.

292 (3) REQUESTS FOR INFORMATION.—The department may request
293 that an applicant provide additional information. An application
294 is deemed withdrawn by the applicant if the department does not
295 receive a response to its request for additional information
296 within 60 days after the notification of any apparent error or
297 omission.

298 (4) EDUCATION, CONSUMER AWARENESS, AND OUTREACH.—

299 (a) The department may undertake a statewide multimedia
300 public outreach and advertising campaign to inform consumers of

301 the availability and benefits of hurricane inspections and of
302 the safety and financial benefits of residential hurricane
303 damage mitigation. The department may seek out and use local,
304 state, federal, and private funds to support the campaign.

305 (b) The program may develop brochures for distribution to
306 Citizens Property Insurance Corporation and other licensed
307 entities or nonprofits that work with the department to educate
308 the public on the benefits of the program. Citizens Property
309 Insurance Corporation must distribute the brochure to
310 policyholders of the corporation each year the program is
311 funded. The brochures may be made available electronically.

312 (5) FUNDING.—The department may seek out and leverage
313 local, state, federal, or private funds to enhance the financial
314 resources of the program.

315 (6) RULES.—The department shall adopt rules pursuant to
316 ss. 120.536(1) and 120.54 to govern the program; implement the
317 provisions of this section; including rules governing hurricane
318 mitigation inspections and grants, mitigation contractors, and
319 training of inspectors and contractors; and carry out the duties
320 of the department under this section.

321 (7) HURRICANE MITIGATION INSPECTOR LIST.—The department
322 shall develop and maintain as a public record a current list of
323 hurricane mitigation inspectors authorized to conduct hurricane
324 mitigation inspections pursuant to this section.

325 (8) CONTRACT MANAGEMENT.—

326 (a) The department may contract with third parties for
327 grants management, inspection services, contractor services for
328 low-income homeowners, information technology, educational
329 outreach, and auditing services. Such contracts are considered
330 direct costs of the program and are not subject to
331 administrative cost limits. The department shall contract with
332 providers that have a demonstrated record of successful business
333 operations in areas directly related to the services to be
334 provided and shall ensure the highest accountability for use of
335 state funds, consistent with this section.

336 (b) The department shall implement a quality assurance and
337 reinspection program that determines whether initial inspections
338 and home improvements are completed in a manner consistent with
339 the intent of the program. The department may use valid random
340 sampling in order to perform the quality assurance portion of
341 the program.

342 (9) INTENT.—It is the intent of the Legislature that
343 grants made to residential property owners under this section
344 shall be considered disaster-relief assistance within the
345 meaning of s. 139 of the Internal Revenue Code of 1986, as
346 amended.

347 (10) REPORTS.—The department shall make an annual report
348 on the activities of the program that shall account for the use
349 of state funds and indicate the number of inspections requested,
350 the number of inspections performed, the number of grant

351 applications received, the number and value of grants approved,
352 and the estimated average annual amount of insurance premium
353 discounts and total estimated annual amount of insurance premium
354 discounts homeowners received from insurers as a result of
355 mitigation funded through the program. The report must be
356 delivered to the President of the Senate and the Speaker of the
357 House of Representatives by February 1 of each year.

358 **Section 2. Subsection (1) of section 624.407, Florida**
359 **Statutes, is amended to read:**

360 624.407 Surplus required; new insurers.—

361 (1) To receive authority to transact any one kind or
362 combinations of kinds of insurance, as defined in part V of this
363 chapter, an insurer applying for its original certificate of
364 authority in this state shall possess surplus as to
365 policyholders at least the greater of:

366 (a) For a property and casualty insurer, \$5 million, or
367 \$2.5 million for any other insurer;

368 (b) For life insurers, 4 percent of the insurer's total
369 liabilities;

370 (c) For life and health insurers, 4 percent of the
371 insurer's total liabilities, plus 6 percent of the insurer's
372 liabilities relative to health insurance;

373 (d) For all insurers other than life insurers and life and
374 health insurers, 10 percent of the insurer's total liabilities;

375 (e) Notwithstanding paragraph (a) or paragraph (d), for a

domestic insurer that transacts residential property insurance and is:

1. Not a wholly owned subsidiary of an insurer domiciled in any other state, \$35 ~~\$15~~ million.

2. A wholly owned subsidiary of an insurer domiciled in any other state, \$50 million;

(f) Notwithstanding paragraphs (a), (d), and (e), for a domestic insurer that only transacts limited sinkhole coverage insurance for personal lines residential property pursuant to s. 627.7151, \$12.5 ~~\$7.5~~ million; or

(g) Notwithstanding paragraphs (a), (d), and (e), 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, \$15 ~~\$10~~ million.

Section 3. Section 624.4073, Florida Statutes, is amended to read:

624.4073 Officers and directors or attorneys in fact of insolvent insurers.—

(1) Any person who was an officer or director of an insurer doing business in this state and who served in that capacity within the 2-year period before the date the insurer became insolvent, for any insolvency that occurs on or after July 1, 2002, but before July 1, 2025, may not thereafter serve as an officer or director of an insurer authorized in this state

401 or have direct or indirect control over the selection or
402 appointment of an officer or director through contract, trust,
403 or by operation of law, ~~unless the officer or director~~
404 ~~demonstrates that his or her personal actions or omissions were~~
405 ~~not a significant contributing cause to the insolvency.~~

406 (2) Any person who was an officer or director of an
407 insurer doing business in this state, was the attorney in fact
408 of a reciprocal insurer doing business in this state, or was an
409 officer or director of an attorney in fact of a reciprocal
410 insurer doing business in this state and who served in that
411 capacity within the 5-year period before the date such insurer
412 or reciprocal insurer became insolvent, for any insolvency that
413 occurs on or after July 1, 2025, may not thereafter do any of
414 the following:

415 (a) Serve as an officer or a director of an insurer
416 authorized in this state.

417 (b) Serve as an officer or a director of a managing
418 general agent of an insurer authorized in this state.

419 (c) Serve as an attorney in fact or as an officer or a
420 director of the attorney in fact of a reciprocal insurer
421 authorized in this state.

422 (d) Serve as an officer or a director of an affiliate of
423 an insurer authorized in this state which provides services to
424 such insurer.

425 (e) Exercise direct or indirect control through contract,

trust, or by operation of law over the selection or appointment of any position specified in paragraphs (a)-(d).

(3)(a) The prohibitions in subsections (1) and (2) do not apply if the officer, director, or attorney in fact demonstrates, and the office determines, that his or her personal actions or omissions were not a significant contributing cause to the insolvency.

(b) For any violation of paragraph (2)(b), paragraph (2)(c), or paragraph (2)(d), the office shall 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 the office determines the violation has been remedied.

Section 4. Paragraphs (f) through (i) of subsection (1) of section 624.408, Florida Statutes, are amended to read:

624.408 Surplus required; current insurers.—

(1) To maintain a certificate of authority to transact any one kind or combinations of kinds of insurance, as defined in part V of this chapter, an insurer in this state must at all times maintain surplus as to policyholders at least the greater of:

(f) For residential property insurers not holding a certificate of authority before July 1, 2025 ~~2011~~, \$35 ~~\$15~~ million.

451 (g) For residential property insurers holding a
452 certificate of authority before July 1, 2025 ~~2011~~, and until
453 June 30, 2030 ~~2016~~, \$15 ~~\$5~~ million; on or after July 1, 2030
454 ~~2016~~, and until June 30, 2035 ~~2021~~, \$25 ~~\$10~~ million; on or after
455 July 1, 2035 ~~2021~~, \$35 ~~\$15~~ million.

456 (h) Notwithstanding paragraphs (e), (f), and (g), for a
457 domestic insurer that only transacts limited sinkhole coverage
458 insurance for personal lines residential property pursuant to s.
459 627.7151: ~~\$7.5 million.~~

460 1. For such an insurer that does not hold a certificate of
461 authority before July 1, 2025, \$12.5 million.

462 2. For such an insurer holding a certificate of authority
463 before July 1, 2025, and until June 30, 2030, \$7.5 million; on
464 or after July 1, 2030, and until June 30, 2035, \$10 million; on
465 or after July 1, 2035, \$12.5 million.

466 (i) Notwithstanding paragraphs (a), (d), and (e), for an
467 insurer that only transacts residential property insurance in
468 the form of renter's insurance, tenant's coverage, cooperative
469 unit owner insurance, or any combination thereof: ~~\$10 million.~~

470 1. For such an insurer that does not hold a certificate of
471 authority before July 1, 2025, \$15 million.

472 2. For such an insurer holding a certificate of authority
473 before July 1, 2025, and until June 30, 2030, \$10 million; on or
474 after July 1, 2030, and until June 30, 2035, \$12.5 million; on
475 or after July 1, 2035, \$15 million.

476
477 The office may reduce the surplus requirement in paragraphs (f)
478 and (g) if the insurer is not writing new business, has premiums
479 in force of less than \$1 million per year in residential
480 property insurance, or is a mutual insurance company.

481 **Section 5. Paragraph (a) of subsection (2) of section**
482 **627.062, Florida Statutes, is amended to read:**

483 627.062 Rate standards.—

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

485 (a) Insurers or rating organizations shall establish and
486 use rates, rating schedules, or rating manuals that allow the
487 insurer a reasonable rate of return on the classes of insurance
488 written in this state. A copy of rates, rating schedules, rating
489 manuals, premium credits or discount schedules, and surcharge
490 schedules, and changes thereto, must be filed with the office
491 under one of the following procedures:

492 1. If the filing is made at least 90 days before the
493 proposed effective date and is not implemented during the
494 office's review of the filing and any proceeding and judicial
495 review, such filing is considered a "file and use" filing. In
496 such case, the office shall finalize its review by issuance of a
497 notice of intent to approve or a notice of intent to disapprove
498 within 90 days after receipt of the filing. If the 90-day period
499 ends on a weekend or a holiday under s. 110.117(1)(a)-(i), it
500 must be extended until the conclusion of the next business day.

501 The notice of intent to approve and the notice of intent to
502 disapprove constitute agency action for purposes of the
503 Administrative Procedure Act. Requests for supporting
504 information, requests for mathematical or mechanical
505 corrections, or notifications ~~notification~~ to the insurer by the
506 office of its preliminary findings do ~~does~~ not toll the 90-day
507 period during any such proceedings and subsequent judicial
508 review. The rate is ~~shall be~~ deemed approved if the office does
509 not issue a notice of intent to approve or a notice of intent to
510 disapprove within 90 days after receipt of the filing. The
511 office may not request that an insurer waive such deemed
512 approval for any residential property insurance rate filing in
513 which the insurer proposes a rate decrease, provided that the
514 decrease is not solely due to a reduction in coverage or a
515 change to a policy form. The office may not issue a notice of
516 intent to disapprove a residential property insurance rate
517 filing in which the insurer proposes a rate decrease unless the
518 office has completed a finalized review.

519 2. If the filing is not made in accordance with
520 subparagraph 1., such filing must be made as soon as
521 practicable, but within 30 days after the effective date, and is
522 considered a "use and file" filing. An insurer making a "use and
523 file" filing is potentially subject to an order by the office to
524 return to policyholders those portions of rates found to be
525 excessive, as provided in paragraph (h).

3. For all property insurance filings made or submitted after January 25, 2007, but before May 1, 2012, an insurer seeking a rate that is greater than the rate most recently approved by the office shall make a "file and use" filing. For purposes of this subparagraph, motor vehicle collision and comprehensive coverages are not considered property coverages.

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

Section 6. Section 627.4263, Florida Statutes, is created to read:

627.4263 Use of algorithms, artificial intelligence systems, and machine learning systems in claims handling.—

(1) As used in this section:

(a) "Algorithm" means a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

(b) "Artificial intelligence system" means 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.

(c) "Machine learning system" means an artificial intelligence system that has the ability to learn from provided

551 data without being explicitly programmed.

552 (d) "Qualified human professional" means an individual
553 who, under the Florida Insurance Code, has authority to adjust
554 or deny a claim or a portion of a claim and has such authority
555 over a particular claim.

556 (2) An insurer may use an algorithm, artificial
557 intelligence system, or machine learning system to assist in
558 processing claims, including generating recommendations to
559 approve or deny a claim or a portion of a claim.

560 (3) A claim or a portion of a claim may not be denied
561 solely on the basis of output from an algorithm, artificial
562 intelligence system, or machine learning system. A final
563 decision to deny a claim or a portion of a claim must be made
564 and documented by a qualified human professional.

565 (4) Before denying a claim or a portion of a claim, a
566 qualified human professional must do all of the following:

567 (a) Independently analyze the facts of the claim and the
568 terms of the applicable insurance policy.

569 (b) Review and verify the accuracy of any outputs or
570 recommendations produced by any algorithm, artificial
571 intelligence system, or machine learning system used in the
572 claims process.

573 (c) Conduct any required internal review of a prior claim
574 adjustment or decision.

575 (5) An insurer must maintain detailed records related to

576 each claim denial, including all of the following:

577 (a) The name and title of the qualified human professional
578 who made the denial decision and of any qualified human
579 professional who reviewed the decision.

580 (b) The date and time of the claim denial and of any
581 review.

582 (c) Documentation of the basis for denial of the claim or
583 a portion of the claim.

584 (6) A written communication to a claimant concerning the
585 denial of a claim or a portion of a claim must meet both of the
586 following requirements:

587 (a) Clearly identify the qualified human professional
588 responsible for the denial decision.

589 (b) Include a statement affirming that the claim or a
590 portion of the claim was not denied solely based on the output
591 of an algorithm, artificial intelligence system, or machine
592 learning system.

593 (7) An insurer that uses an algorithm, artificial
594 intelligence system, or machine learning system as part of its
595 claims-handling process must detail in its claims-handling
596 manual the manner in which such systems are used and the manner
597 in which the insurer complies with this section.

598 (8) The office may perform market conduct examinations,
599 perform investigations, or use any other lawful method necessary
600 to verify compliance with this section.

CS/HB 1433

2025

601 **Section 7.** This act shall take effect July 1, 2025.