

1 A bill to be entitled
2 An act relating to insurers' liabilities and
3 responsibilities; amending s. 626.926, F.S.; requiring
4 surplus lines insurers to comply with valued policy
5 law under certain circumstances; creating s. 627.4263,
6 F.S.; defining the term "qualified human
7 professional"; requiring insurers' decisions to deny
8 claims to be reviewed, approved, and signed off by
9 qualified human professionals; prohibiting artificial
10 intelligence, machine learning algorithms, and
11 automated systems from serving as the basis for
12 denying claims; requiring insurers to maintain certain
13 records of the human review process for denied claims;
14 requiring insurers to include certain information in
15 denial communications to claimants; providing
16 reporting requirements; authorizing the Office of
17 Insurance Regulation to audit claim denials; amending
18 s. 627.702, F.S.; defining the term "insurer" to
19 include surplus lines insurers for the purpose of
20 valued policy law; amending ss. 627.7011 and 627.7142,
21 F.S.; conforming cross-references; providing an
22 effective date.

23
24 Be It Enacted by the Legislature of the State of Florida:
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26 **Section 1. Subsection (2) of section 626.926, Florida**
 27 **Statutes, is renumbered as subsection (3), and a new subsection**
 28 **(2) is added to that section, to read:**

29 626.926 Liability of insurer as to losses and unearned
 30 premiums; valued policy law.—

31 (2) Each unauthorized insurer assuming a surplus lines
 32 direct risk under this Surplus Lines Law and issuing property or
 33 casualty insurance coverage shall comply with the valued policy
 34 law, as applicable, under s. 627.702.

35 **Section 2. Section 627.4263, Florida Statutes, is created**
 36 **to read:**

37 627.4263 Mandatory human reviews of claim denials.—

38 (1) As used in this section, the term "qualified human
 39 professional" includes, but is not limited to, a supervisor, a
 40 claims manager, or a licensed claims adjuster having authority
 41 over a claim.

42 (2) (a) An insurer's decision to deny a claim must be
 43 reviewed, approved, and signed off by a qualified human
 44 professional.

45 (b) Artificial intelligence, a machine learning algorithm,
 46 or an automated system must not serve as the basis for
 47 determining whether to deny a claim.

48 (3) An insurer shall maintain detailed records of the
 49 human review process described in paragraph (2) (a) for all
 50 denied claims, including:

51 (a) The name and title of the qualified human professional
 52 who reviewed the denial decision.

53 (b) The date and time of the review by the qualified human
 54 professional.

55 (c) Documentation of the basis for the denial, including
 56 any supplemental information provided by automated tools.

57 (4) In each denial communication to a claimant, an insurer
 58 shall:

59 (a) Clearly identify the qualified human professional who
 60 reviewed the denial decision.

61 (b) Include a statement affirming that artificial
 62 intelligence, a machine learning algorithm, or an automated
 63 system did not serve as the basis for determining whether to
 64 deny the claim.

65 (5) An insurer shall submit periodic compliance reports to
 66 the office detailing the steps taken to comply with this
 67 section.

68 (6) The office may audit claim denials to verify
 69 compliance with this section.

70 **Section 3. Section 627.702, Florida Statutes, is amended**
 71 **to read:**

72 627.702 Valued policy law.—

73 (1) Beginning July 1, 2025, as used in this section, the
 74 term "insurer" includes an unauthorized insurer assuming a
 75 surplus lines direct risk under the Surplus Lines Law, ss.

76 626.913-626.937, and issuing property or casualty insurance
77 coverage.

78 (2) (a)~~(1) (a)~~ In the event of the total loss of any
79 building, structure, mobile home as defined in s. 320.01(2), or
80 manufactured building as defined in s. 553.36(13), located in
81 this state and insured by any insurer as to a covered peril, in
82 the absence of any change increasing the risk without the
83 insurer's consent and in the absence of fraudulent or criminal
84 fault on the part of the insured or one acting in her or his
85 behalf, the insurer's liability under the policy for such total
86 loss, if caused by a covered peril, shall be in the amount of
87 money for which such property was so insured as specified in the
88 policy and for which a premium has been charged and paid.

89 (b) The intent of this subsection is not to deprive an
90 insurer of any proper defense under the policy, to create new or
91 additional coverage under the policy, or to require an insurer
92 to pay for a loss caused by a peril other than the covered
93 peril. In furtherance of such legislative intent, when a loss
94 was caused in part by a covered peril and in part by a
95 noncovered peril, paragraph (a) does not apply. In such
96 circumstances, the insurer's liability under this section shall
97 be limited to the amount of the loss caused by the covered
98 peril. However, if the covered perils alone would have caused
99 the total loss, paragraph (a) shall apply. The insurer is never
100 liable for more than the amount necessary to repair, rebuild, or

101 replace the structure following the total loss, after
102 considering all other benefits actually paid for the total loss.

103 (c) It is the intent of the Legislature that the amendment
104 to this section ~~shall~~ not be applied retroactively and ~~shall~~
105 apply only to claims filed after the effective date of such
106 amendment.

107 (3)~~(2)~~ In the case of a partial loss by fire or lightning
108 of any such property, the insurer's liability, if any, under the
109 policy shall be for the actual amount of such loss but may ~~shall~~
110 not exceed the amount of insurance specified in the policy as to
111 such property and such peril.

112 (4)~~(3)~~ ~~The provisions of Subsections (2) and (3) (1) and~~
113 ~~(2)~~ do not apply when:

114 (a) Insurance policies are issued or renewed by more than
115 one company insuring the same building, structure, mobile home,
116 or manufactured building, and the existence of such additional
117 insurance is not disclosed by the insured to all insurers
118 issuing such policies;

119 (b) Two or more buildings, structures, mobile homes, or
120 manufactured buildings are insured under a blanket form for a
121 single amount of insurance; or

122 (c) The completed value of a building, structure, mobile
123 home, or manufactured building is insured under a builder's risk
124 policy.

125 (5)~~(4)~~ The amount of any loss referred to in ~~subsection~~

126 ~~(1) or~~ subsection (2) or subsection (3) is ~~shall be~~ subject to
127 any coinsurance clause contained in the policy pursuant to s.
128 627.701.

129 (6)~~(5)~~ This section does not apply as to personal property
130 or any interest therein, except with respect to mobile homes as
131 defined in s. 320.01(2) or manufactured buildings as defined in
132 s. 553.36(13). Nor does this section apply to coverage of an
133 appurtenant structure or other structure or any coverage or
134 claim in which the dollar amount of coverage available as to the
135 structure involved is not directly stated in the policy as a
136 dollar amount specifically applicable to that particular
137 structure.

138 (7)~~(6)~~ With regard to mobile homes included in subsection
139 (2) ~~(1)~~, any total loss shall be adjusted on the basis of the
140 amount of money for which such property was insured as specified
141 in the policy, whether on an actual cash value basis,
142 replacement cost basis, or stated amount, and for which a
143 premium has been charged and paid only if the insured has
144 elected to purchase such coverage at the inception of the
145 policy. However, when coverage is written for a mobile home on
146 any basis other than stated value, a complete disclosure of the
147 relative cost between that policy and the stated value policy
148 shall be made to the insured on a form and in a format approved
149 by the office. Such forms shall disclose and describe the
150 differences between the types of policies and shall be signed by

151 the insured. Copies shall be maintained in the insurer's file,
152 and a copy shall be made available to the insured. Each insurer
153 licensed to write insurance covering mobile homes shall make
154 such stated value coverage available at the option of the
155 insured.

156 (8) ~~(7)~~ This section does not prohibit ~~Nothing herein shall~~
157 ~~be construed as prohibiting~~ an insurer from repairing or
158 replacing damaged property at its own expense and without
159 contribution on the part of the insured except, as provided in
160 subsection (7) ~~(6)~~, when an insured has elected to purchase
161 stated value coverage. Such repair or replacement of damaged
162 property shall be in lieu of any liability created by subsection
163 (2) ~~(1)~~; and any insurer so repairing or replacing shall have no
164 liability pursuant to subsection (2) ~~(1)~~, provided such insurer
165 returns to the named insured a portion of the premium, for all
166 policy terms during which the policy limits were the same as
167 those in effect on the date on which the loss occurred, equal to
168 that portion of the premium paid for limits of insurance on the
169 structure in excess of the cost of replacement.

170 (9) ~~(8)~~ Any property insurer may, by an appropriate rider
171 or endorsement or otherwise, provide insurance indemnifying the
172 insured for the difference between the insurable value of the
173 insured property at the time any loss or damage occurs, and the
174 amount actually expended to repair, rebuild, or replace within
175 this state, with new materials of like size, kind, and quality,

176 such property as has been damaged or destroyed.

177 **Section 4. Paragraph (e) of subsection (6) of section**
 178 **627.7011, Florida Statutes, is amended to read:**

179 627.7011 Homeowners' policies; offer of replacement cost
 180 coverage and law and ordinance coverage.—

181 (6) This section does not:

182 (e) Prohibit an insurer from exercising its right to
 183 repair damaged property in compliance with its policy and s.
 184 627.702(8) ~~s. 627.702(7)~~.

185 **Section 5. Section 627.7142, Florida Statutes, is amended**
 186 **to read:**

187 627.7142 Homeowner Claims Bill of Rights.—An insurer
 188 issuing a personal lines residential property insurance policy
 189 in this state must provide a Homeowner Claims Bill of Rights to
 190 a policyholder within 14 days after receiving an initial
 191 communication with respect to a claim. The purpose of the bill
 192 of rights is to summarize, in simple, nontechnical terms,
 193 existing Florida law regarding the rights of a personal lines
 194 residential property insurance policyholder who files a claim of
 195 loss. The Homeowner Claims Bill of Rights is specific to the
 196 claims process and does not represent all of a policyholder's
 197 rights under Florida law regarding the insurance policy. The
 198 Homeowner Claims Bill of Rights does not create a civil cause of
 199 action by any individual policyholder or class of policyholders
 200 against an insurer or insurers. The failure of an insurer to

201 properly deliver the Homeowner Claims Bill of Rights is subject
 202 to administrative enforcement by the office but is not
 203 admissible as evidence in a civil action against an insurer. The
 204 Homeowner Claims Bill of Rights does not enlarge, modify, or
 205 contravene statutory requirements, including, but not limited
 206 to, ss. 626.854, 626.9541, 627.70131, 627.7015, and 627.7074,
 207 and does not prohibit an insurer from exercising its right to
 208 repair damaged property in compliance with the terms of an
 209 applicable policy or ss. 627.7011(6)(e) and 627.702(8)
 210 ~~627.702(7)~~. The Homeowner Claims Bill of Rights must state:

211 HOMEOWNER CLAIMS

212 BILL OF RIGHTS

213 This Bill of Rights is specific to the claims process and does
 214 not represent all of your rights under Florida law regarding
 215 your policy. There are also exceptions to the stated timelines
 216 when conditions are beyond your insurance company's control.
 217 This document does not create a civil cause of action by an
 218 individual policyholder, or a class of policyholders, against an
 219 insurer or insurers and does not prohibit an insurer from
 220 exercising its right to repair damaged property in compliance
 221 with the terms of an applicable policy.

222 YOU HAVE THE RIGHT TO:

- 223 1. Receive from your insurance company an acknowledgment
- 224 of your reported claim within 7 days after the time you
- 225 communicated the claim.

226 2. Upon written request, receive from your insurance
227 company within 30 days after you have submitted a complete
228 proof-of-loss statement to your insurance company,
229 confirmation that your claim is covered in full, partially
230 covered, or denied, or receive a written statement that
231 your claim is being investigated.

232 3. Receive from your insurance company a copy of any
233 detailed estimate of the amount of the loss within 7 days
234 after the estimate is generated by the insurance company's
235 adjuster.

236 4. Within 60 days, subject to any dual interest noted in
237 the policy, receive full settlement payment for your claim
238 or payment of the undisputed portion of your claim, or your
239 insurance company's denial of your claim.

240 5. Receive payment of interest, as provided in s.
241 627.70131, Florida Statutes, from your insurance company,
242 which begins accruing from the date your claim is filed if
243 your insurance company does not pay full settlement of your
244 initial, reopened, or supplemental claim or the undisputed
245 portion of your claim or does not deny your claim within 60
246 days after your claim is filed. The interest, if
247 applicable, must be paid when your claim or the undisputed
248 portion of your claim is paid.

249 6. Free mediation of your disputed claim by the Florida
250 Department of Financial Services, Division of Consumer

251 Services, under most circumstances and subject to certain
252 restrictions.

253 7. Neutral evaluation of your disputed claim, if your
254 claim is for damage caused by a sinkhole and is covered by
255 your policy.

256 8. Contact the Florida Department of Financial Services,
257 Division of Consumer Services' toll-free helpline for
258 assistance with any insurance claim or questions pertaining
259 to the handling of your claim. You can reach the Helpline
260 by phone at ...(toll-free phone number)..., or you can seek
261 assistance online at the Florida Department of Financial
262 Services, Division of Consumer Services' website at
263 ...(website address)....

264 YOU ARE ADVISED TO:

- 265 1. File all claims directly with your insurance company.
- 266 2. Contact your insurance company before entering into any
267 contract for repairs to confirm any managed repair policy
268 provisions or optional preferred vendors.
- 269 3. Make and document emergency repairs that are necessary
270 to prevent further damage. Keep the damaged property, if
271 feasible, keep all receipts, and take photographs or video
272 of damage before and after any repairs to provide to your
273 insurer.
- 274 4. Carefully read any contract that requires you to pay
275 out-of-pocket expenses or a fee that is based on a

276 percentage of the insurance proceeds that you will receive
277 for repairing or replacing your property.

278 5. Confirm that the contractor you choose is licensed to
279 do business in Florida. You can verify a contractor's
280 license and check to see if there are any complaints
281 against him or her by calling the Florida Department of
282 Business and Professional Regulation. You should also ask
283 the contractor for references from previous work.

284 6. Require all contractors to provide proof of insurance
285 before beginning repairs.

286 7. Take precautions if the damage requires you to leave
287 your home, including securing your property and turning off
288 your gas, water, and electricity, and contacting your
289 insurance company and provide a phone number where you can
290 be reached.

291 **Section 6.** This act shall take effect July 1, 2025.