

By the Committee on Banking and Insurance; and Senators Ingoglia and Sharief

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1 A bill to be entitled
2 An act relating to insurance; amending s. 215.5586,
3 F.S.; revising legislative intent; specifying that
4 hurricane mitigation grants funded through the My Safe
5 Florida Home Program may be awarded only under certain
6 circumstances; requiring the Department of Financial
7 Services to require that certain mitigation
8 improvements be made as a condition of reimbursing a
9 homeowner approved for a grant; amending ss. 624.407
10 and 624.408, F.S.; revising the surplus required for
11 certain insurers applying for their original
12 certificates of authority and to maintain their
13 certificates of authority, respectively; amending s.
14 624.4073, F.S.; specifying prohibitions for persons
15 who were officers or directors of an insolvent
16 insurer, attorneys in fact of a reciprocal insurer, or
17 officers or directors of an attorney in fact of a
18 reciprocal insurer; providing applicability; requiring
19 the Office of Insurance Regulation to prohibit
20 insurers or reciprocal insurers from paying any
21 compensation to certain persons for certain violations
22 until a specified time; amending s. 627.062, F.S.;
23 prohibiting the office from requesting an insurer
24 waive a deemed approval for residential property
25 insurance rate filing under certain circumstances;
26 prohibiting the office from issuing a notice of intent
27 to disapprove a residential property insurance rate
28 filing under certain circumstances; creating s.
29 627.4263, F.S.; defining terms; requiring that

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30 insurers' decisions to deny claims be made by
31 qualified human professionals; specifying the duties
32 of qualified human professionals; requiring an insurer
33 to maintain certain records; prohibiting using
34 artificial intelligence, machine learning systems, or
35 algorithms as the sole basis for determining whether
36 to deny a claim; requiring insurers to include certain
37 information in denial communications to claimants;
38 requiring that certain insurers detail certain
39 information in its claims handling manual; authorizing
40 the office to conduct market conduct examinations and
41 investigations under certain circumstances; providing
42 an effective date.

43

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

45

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

48 215.5586 My Safe Florida Home Program.— There is
49 established within the Department of Financial Services the My
50 Safe Florida Home Program. The department shall provide fiscal
51 accountability, contract management, and strategic leadership
52 for the program, consistent with this section. This section does
53 not create an entitlement for property owners or obligate the
54 state in any way to fund the inspection or retrofitting of
55 residential property in this state. Implementation of this
56 program is subject to annual legislative appropriations. It is
57 the intent of the Legislature that, subject to the availability
58 of funds, the My Safe Florida Home Program provide licensed

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59 inspectors to perform hurricane mitigation inspections of
60 eligible homes and grants to fund hurricane mitigation projects
61 that result in property insurance credits, discounts, or other
62 rate differentials on those homes. The department shall
63 implement the program in such a manner that the total amount of
64 funding requested by accepted applications, whether for
65 inspections, grants, or other services or assistance, does not
66 exceed the total amount of available funds. If, after
67 applications are processed and approved, funds remain available,
68 the department may accept applications up to the available
69 amount. The program shall develop and implement a comprehensive
70 and coordinated approach for hurricane damage mitigation
71 pursuant to the requirements provided in this section.

72 (1) HURRICANE MITIGATION INSPECTIONS.—

73 (a) To be eligible for a hurricane mitigation inspection
74 under the program:

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

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

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

80 (b)1. An application for a hurricane mitigation inspection
81 must contain a signed or electronically verified statement made
82 under penalty of perjury that the applicant has submitted only
83 one inspection application on the home or that the application
84 is allowed under subparagraph 2., and the application must have
85 documents attached which demonstrate that the applicant meets
86 the requirements of paragraph (a).

87 2. An applicant may submit a subsequent hurricane

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88 mitigation inspection application for the same home only if:

89 a. The original hurricane mitigation inspection application
90 has been denied or withdrawn because of errors or omissions in
91 the application;

92 b. The original hurricane mitigation inspection application
93 was denied or withdrawn because the home did not meet the
94 eligibility criteria for an inspection at the time of the
95 previous application, and the homeowner reasonably believes the
96 home now is eligible for an inspection; or

97 c. The program's eligibility requirements for an inspection
98 have changed since the original application date, and the
99 applicant reasonably believes the home is eligible under the new
100 requirements.

101 (c) An applicant meeting the requirements of paragraph (a)
102 may receive an inspection of a home under the program without
103 being eligible for a grant under subsection (2) or applying for
104 such grant.

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

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

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117 1. A home inspection and report that summarizes the results
118 and identifies recommended improvements a homeowner may take to
119 mitigate hurricane damage.

120 2. A range of cost estimates regarding the recommended
121 mitigation improvements.

122 3. Information regarding estimated premium discounts,
123 correlated to the current mitigation features and the
124 recommended mitigation improvements identified by the
125 inspection.

126 (f) To qualify for selection by the department as a wind
127 certification entity to provide hurricane mitigation
128 inspections, the entity must, at a minimum, meet the following
129 requirements:

130 1. Use hurricane mitigation inspectors who are licensed or
131 certified as:

132 a. A building inspector under s. 468.607;

133 b. A general, building, or residential contractor under s.
134 489.111;

135 c. A professional engineer under s. 471.015;

136 d. A professional architect under s. 481.213; or

137 e. A home inspector under s. 468.8314 and who have
138 completed at least 3 hours of hurricane mitigation training
139 approved by the Construction Industry Licensing Board, which
140 training must include hurricane mitigation techniques,
141 compliance with the uniform mitigation verification form, and
142 completion of a proficiency exam.

143 2. Use hurricane mitigation inspectors who also have
144 undergone drug testing and a background screening. The
145 department may conduct criminal record checks of inspectors used

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146 by wind certification entities. Inspectors must submit a set of
147 fingerprints to the department for state and national criminal
148 history checks and must pay the fingerprint processing fee set
149 forth in s. 624.501. The fingerprints must be sent by the
150 department to the Department of Law Enforcement and forwarded to
151 the Federal Bureau of Investigation for processing. The results
152 must be returned to the department for screening. The
153 fingerprints must be taken by a law enforcement agency,
154 designated examination center, or other department-approved
155 entity.

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

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

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

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

165 2. The home must be a dwelling with an insured value of
166 \$700,000 or less. Homeowners who are low-income persons, as
167 defined in s. 420.0004(11), are exempt from this requirement.

168 3. The home must undergo an acceptable hurricane mitigation
169 inspection as provided in subsection (1).

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

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

174 6. The homeowner must agree to provide to the department

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175 information received from the homeowner's insurer identifying
176 the discounts realized by the homeowner because of the
177 mitigation improvements funded through the program.

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

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

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

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

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

197 3. A grant application must include a statement from the
198 homeowner which contains the name and state license number of
199 the contractor that the homeowner acknowledges as the intended
200 contractor for the mitigation work. The program must
201 electronically verify that the contractor's state license number
202 is accurate and up to date before grant approval.

203 (c) All grants must be matched on the basis of \$1 provided

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204 by the applicant for \$2 provided by the state up to a maximum
205 state contribution of \$10,000 toward the actual cost of the
206 mitigation project, except as provided in paragraph (h).

207 (d) All hurricane mitigation performed under the program
208 must be based upon the securing of all required local permits
209 and inspections and must be performed by properly licensed
210 contractors.

211 (e) When recommended by a hurricane mitigation inspection,
212 grants for eligible homes may be used for the following
213 improvements:

214 1. Opening protection, including exterior doors, garage
215 doors, windows, and skylights.

216 2. Reinforcing roof-to-wall connections.

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

218 4. Secondary water resistance for roof.

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

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

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

237 (i)1. The department shall develop a process that ensures
238 the most efficient means to collect and verify inspection
239 applications and grant applications to determine eligibility.
240 The department may direct hurricane mitigation inspectors to
241 collect and verify grant application information or use the
242 Internet or other electronic means to collect information and
243 determine eligibility.

244 2. The department shall prioritize the review and approval
245 of such inspection applications and grant applications in the
246 following order:

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

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

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

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

255 e. Last, all other applications.

256 3. The department shall start accepting inspection
257 applications and grant applications no earlier than the
258 effective date of a legislative appropriation funding
259 inspections and grants, as follows:

260 a. Initially, from applicants prioritized under sub-
261 subparagraph 2.a.;

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262 b. From applicants prioritized under sub-subparagraph 2.b.,
263 beginning 15 days after the program initially starts accepting
264 applications;

265 c. From applicants prioritized under sub-subparagraph 2.c.,
266 beginning 30 days after the program initially starts accepting
267 applications;

268 d. From applicants described in sub-subparagraph 2.d.,
269 beginning 45 days after the program initially starts accepting
270 applications; and

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

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

278 (j) A homeowner who receives a grant shall finalize
279 construction and request a final inspection, or request an
280 extension for an additional 6 months, within 1 year after grant
281 approval. If a homeowner fails to comply with this paragraph,
282 his or her application is deemed abandoned and the grant money
283 reverts to the department.

284 (3) REQUESTS FOR INFORMATION.—The department may request
285 that an applicant provide additional information. An application
286 is deemed withdrawn by the applicant if the department does not
287 receive a response to its request for additional information
288 within 60 days after the notification of any apparent error or
289 omission.

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

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291 (a) The department may undertake a statewide multimedia
292 public outreach and advertising campaign to inform consumers of
293 the availability and benefits of hurricane inspections and of
294 the safety and financial benefits of residential hurricane
295 damage mitigation. The department may seek out and use local,
296 state, federal, and private funds to support the campaign.

297 (b) The program may develop brochures for distribution to
298 Citizens Property Insurance Corporation and other licensed
299 entities or nonprofits that work with the department to educate
300 the public on the benefits of the program. Citizens Property
301 Insurance Corporation must distribute the brochure to
302 policyholders of the corporation each year the program is
303 funded. The brochures may be made available electronically.

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

307 (6) RULES.—The department shall adopt rules pursuant to ss.
308 120.536(1) and 120.54 to govern the program; implement the
309 provisions of this section; including rules governing hurricane
310 mitigation inspections and grants, mitigation contractors, and
311 training of inspectors and contractors; and carry out the duties
312 of the department under this section.

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

317 (8) CONTRACT MANAGEMENT.—

318 (a) The department may contract with third parties for
319 grants management, inspection services, contractor services for

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320 low-income homeowners, information technology, educational
321 outreach, and auditing services. Such contracts are considered
322 direct costs of the program and are not subject to
323 administrative cost limits. The department shall contract with
324 providers that have a demonstrated record of successful business
325 operations in areas directly related to the services to be
326 provided and shall ensure the highest accountability for use of
327 state funds, consistent with this section.

328 (b) The department shall implement a quality assurance and
329 reinspection program that determines whether initial inspections
330 and home improvements are completed in a manner consistent with
331 the intent of the program. The department may use valid random
332 sampling in order to perform the quality assurance portion of
333 the program.

334 (9) INTENT.—It is the intent of the Legislature that grants
335 made to residential property owners under this section shall be
336 considered disaster-relief assistance within the meaning of s.
337 139 of the Internal Revenue Code of 1986, as amended.

338 (10) REPORTS.—The department shall make an annual report on
339 the activities of the program that shall account for the use of
340 state funds and indicate the number of inspections requested,
341 the number of inspections performed, the number of grant
342 applications received, the number and value of grants approved,
343 and the estimated average annual amount of insurance premium
344 discounts and total estimated annual amount of insurance premium
345 discounts homeowners received from insurers as a result of
346 mitigation funded through the program. The report must be
347 delivered to the President of the Senate and the Speaker of the
348 House of Representatives by February 1 of each year.

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349 Section 2. Subsection (1) of section 624.407, Florida
350 Statutes, is amended to read:

351 624.407 Surplus required; new insurers.—

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

357 (a) For a property and casualty insurer, \$5 million, or
358 \$2.5 million for any other insurer;

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

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

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

366 (e) Notwithstanding paragraph (a) or paragraph (d), for a
367 domestic insurer that transacts residential property insurance
368 and is:

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

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

373 (f) Notwithstanding paragraphs (a), (d), and (e), for a
374 domestic insurer that only transacts limited sinkhole coverage
375 insurance for personal lines residential property pursuant to s.
376 627.7151, \$10 ~~\$7.5~~ million; or

377 (g) Notwithstanding paragraphs (a), (d), and (e), for an

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378 insurer that only transacts residential property insurance in
379 the form of renter's insurance, tenant's coverage, cooperative
380 unit owner insurance, or any combination thereof, \$12.5 ~~\$10~~
381 million.

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

384 624.4073 Officers and directors or attorneys in fact of
385 insolvent insurers.—

386 (1) Any person who was an officer or director of an insurer
387 doing business in this state and who served in that capacity
388 within the 2-year period before the date the insurer became
389 insolvent, for any insolvency that occurs on or after July 1,
390 2002, but before July 1, 2025, may not thereafter serve as an
391 officer or director of an insurer authorized in this state or
392 have direct or indirect control over the selection or
393 appointment of an officer or director through contract, trust,
394 or by operation of law.

395 (2) Any person who was an officer or director of an insurer
396 doing business in this state, was the attorney in fact of a
397 reciprocal insurer doing business in this state, or was an
398 officer or director of an attorney in fact of a reciprocal
399 insurer doing business in this state and who served in that
400 capacity within the 5-year period before the date such insurer
401 or reciprocal insurer became insolvent, for any insolvency that
402 occurs on or after July 1, 2025, may not thereafter do any of
403 the following:

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

406 (b) Serve as an officer or a director of a managing general

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407 agent of an insurer authorized in this state.

408 (c) Serve as an attorney in fact or as an officer or a
409 director of the attorney in fact of a reciprocal insurer
410 authorized in this state.

411 (d) Serve as an officer or a director of an affiliate of an
412 insurer authorized in this state which provides services to such
413 insurer.

414 (e) Exercise direct or indirect control through contract,
415 trust, or by operation of law over the selection or appointment
416 of any position specified in paragraphs (a)-(d), ~~unless the~~
417 ~~officer or director demonstrates that his or her personal~~
418 ~~actions or omissions were not a significant contributing cause~~
419 ~~to the insolvency.~~

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

425 (b) For any violation of paragraph (2)(b), paragraph
426 (2)(c), or paragraph (2)(d), the office shall prohibit an
427 insurer or reciprocal insurer authorized in this state from
428 paying any compensation to a managing general agent, affiliate,
429 or attorney in fact that has an officer or director or is an
430 attorney in fact that engaged in such violation until the office
431 determines the violation has been remedied.

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

434 624.408 Surplus required; current insurers.-

435 (1) To maintain a certificate of authority to transact any

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436 one kind or combinations of kinds of insurance, as defined in
437 part V of this chapter, an insurer in this state must at all
438 times maintain surplus as to policyholders at least the greater
439 of:

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

443 (g) For residential property insurers holding a certificate
444 of authority before July 1, 2025 ~~2011~~, and until June 30, 2030
445 ~~2016~~, \$15 ~~\$5~~ million; on or after July 1, 2030 ~~2016~~, and until
446 June 30, 2035 ~~2021~~, \$25 ~~\$10~~ million; on or after July 1, 2035
447 ~~2021~~, \$35 ~~\$15~~ million.

448 (h) Notwithstanding paragraphs (e), (f), and (g), for a
449 domestic insurer that only transacts limited sinkhole coverage
450 insurance for personal lines residential property pursuant to s.
451 627.7151, ~~\$7.5 million.~~

452 1. For such an insurer that does not hold a certificate of
453 authority before July 1, 2025, \$10 million.

454 2. For such an insurer holding a certificate of authority
455 before July 1, 2025, and until June 30, 2030, \$7.5 million; on
456 or after July 1, 2030, and until June 30, 2035, \$8.75 million;
457 on or after July 1, 2035, \$10 million.

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

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

464 2. For such an insurer holding a certificate of authority

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465 before July 1, 2025, and until June 30, 2030, \$10 million; on or
466 after July 1, 2030, and until June 30, 2035, \$11.25 million; on
467 or after July 1, 2035, \$12.5 million.

468
469 The office may reduce the surplus requirement in paragraphs (f)
470 and (g) if the insurer is not writing new business, has premiums
471 in force of less than \$1 million per year in residential
472 property insurance, or is a mutual insurance company.

473 Section 5. Paragraph (a) of subsection (2) of section
474 627.062, Florida Statutes, is amended to read:

475 627.062 Rate standards.—

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

477 (a) Insurers or rating organizations shall establish and
478 use rates, rating schedules, or rating manuals that allow the
479 insurer a reasonable rate of return on the classes of insurance
480 written in this state. A copy of rates, rating schedules, rating
481 manuals, premium credits or discount schedules, and surcharge
482 schedules, and changes thereto, must be filed with the office
483 under one of the following procedures:

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

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

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

518 3. For all property insurance filings made or submitted
519 after January 25, 2007, but before May 1, 2012, an insurer
520 seeking a rate that is greater than the rate most recently
521 approved by the office shall make a "file and use" filing. For
522 purposes of this subparagraph, motor vehicle collision and

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523 comprehensive coverages are not considered property coverages.

524
525 The provisions of this subsection do not apply to workers'
526 compensation, employer's liability insurance, and motor vehicle
527 insurance.

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

530 627.4263 Use of algorithms, artificial intelligence
531 systems, and machine learning systems in claims handling.-

532 (1) As used in this section:

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

536 (b) "Artificial intelligence system" means a machine-based
537 system that may have varying levels of autonomy and that can,
538 for a given set of objectives, generate outputs such as
539 predictions, recommendations, content, or other outputs
540 influencing decisions made in real or virtual environments.

541 (c) "Machine learning system" means an artificial
542 intelligence system that has the ability to learn from provided
543 data without being explicitly programmed.

544 (d) "Qualified human professional" means an individual who,
545 under the Florida Insurance Code, may have authority to adjust
546 or deny a claim or a portion of a claim and has such authority
547 over a particular claim.

548 (2) An insurer's decision to deny a claim or any portion of
549 a claim must be made by a qualified human professional.

550 (3) A qualified human professional must also:

551 (a) Analyze the facts of the claim and the terms of the

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552 insurance policy independently of any system or algorithm.

553 (b) Review the accuracy of any output generated by such a
554 system or algorithm.

555 (c) Conduct any review of a claim adjustment or claim
556 decision that was made by another qualified human professional.

557 (4) An insurer shall maintain detailed records of the
558 activities of qualified human professionals that are required
559 under this section, including:

560 (a) The name and title of the qualified human professional
561 who made the decision to deny the claim or a portion of the
562 claim and of any qualified human professional who reviewed the
563 claim adjustment or claim decision.

564 (b) The date and time of the claim decision and of any
565 review of the claim adjustment.

566 (c) Documentation of the basis for the denial of the claim
567 or a portion of the claim, including any information provided by
568 an algorithm, artificial intelligence system, or machine
569 learning system.

570 (5) An artificial intelligence system, a machine learning
571 system, or an algorithm may not serve as the sole basis for
572 determining whether to deny a claim.

573 (6) In all denial communications to a claimant, an insurer
574 shall:

575 (a) Clearly identify the qualified human professional who
576 made the decision to deny the claim or a portion of the claim.

577 (b) Include a statement affirming that an algorithm, an
578 artificial intelligence system, or a machine learning system did
579 not serve as the sole basis for determining whether to deny the
580 claim.

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581 (7) An insurer that uses an algorithm, an artificial
582 intelligence system, or a machine learning system as part of its
583 claims handling process must detail in its claims handling
584 manual the manner in which such systems are used and the manner
585 in which the insurer complies with this section.

586 (8) The office may conduct market conduct examinations and
587 investigations or use any method it deems necessary to verify
588 compliance with this section.

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