

By Senator Gaetz

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1 A bill to be entitled
2 An act relating to insurance practices; amending s.
3 55.03, F.S.; revising the calculation that the Chief
4 Financial Officer performs to set the rate of interest
5 payable on judgments or decrees; amending s. 624.315,
6 F.S.; providing legislative findings; requiring the
7 Office of Insurance Regulation of the Financial
8 Services Commission to create specified reports on
9 related entities and compensation of executive
10 officers for insurers, licensees, and registrants;
11 specifying requirements for such reports; requiring
12 the office to publish the reports annually on its
13 website and submit the reports annually to specified
14 entities; requiring the office to use a reliable and
15 up-to-date methodology and software to create
16 specified reports and review such methodology and
17 software for accuracy; specifying that certain data is
18 not considered a trade secret and may be used for
19 certain purposes; prohibiting insurers from
20 withholding certain data from the office under certain
21 circumstances; amending s. 627.062, F.S.; revising the
22 facts the office must consider in determining whether
23 a rate is excessive, inadequate, or unfairly
24 discriminatory; amending s. 627.70131, F.S.; requiring
25 insurers to send policyholders a written estimate of
26 the amount of loss under certain circumstances;
27 specifying certain requirements for insurers when
28 creating and sending such estimates; prohibiting
29 insureds and insurers from waiving such requirements;

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30 amending s. 627.7015, F.S.; conforming a cross-
31 reference and provisions to changes made by the act;
32 amending s. 627.70152, F.S.; revising the manner in
33 which an insurer must respond to a notice to initiate
34 litigation; requiring a claimant and insurer to
35 participate in mandatory mediation under certain
36 circumstances; requiring the court to determine
37 attorney fees in a specified manner for cases arising
38 from a property insurance dispute; authorizing the
39 office to impose penalties for violations of certain
40 provisions; amending s. 627.70154, F.S.; requiring
41 insurers to disclose to policyholders the dollar
42 amount of a credit or premium discount for a mandatory
43 binding arbitration endorsement; reenacting ss.
44 627.151(1), 627.715(3)(b), and 627.7151(9)(b), F.S.,
45 relating to workers' compensation or employer's
46 liability insurance filings, flood insurance, and
47 sinkhole coverage insurance, respectively, to
48 incorporate the amendment made to s. 627.062, F.S., in
49 references thereto; providing an effective date.

50
51 Be It Enacted by the Legislature of the State of Florida:

52
53 Section 1. Subsection (1) of section 55.03, Florida
54 Statutes, is amended to read:

55 55.03 Judgments; rate of interest, generally.—

56 (1) On December 1, March 1, June 1, and September 1 of each
57 year, the Chief Financial Officer shall set the rate of interest
58 ~~that shall be~~ payable on judgments or decrees for the calendar

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59 quarter beginning January 1 and adjust the rate quarterly on
 60 April 1, July 1, and October 1 by averaging the discount rate of
 61 the Federal Reserve Bank of New York for the preceding 12
 62 months, then adding 800 ~~400~~ basis points to the averaged federal
 63 discount rate. The Chief Financial Officer shall inform the
 64 clerk of the courts and chief judge for each judicial circuit of
 65 the rate that has been established for the upcoming quarter. The
 66 interest rate established by the Chief Financial Officer takes
 67 ~~shall take~~ effect on the first day of each following calendar
 68 quarter. Judgments obtained on or after January 1, 1995, must
 69 ~~shall~~ use the previous statutory rate for time periods before
 70 January 1, 1995, for which interest is due and must ~~shall~~ apply
 71 the rate set by the Chief Financial Officer for time periods
 72 after January 1, 1995, for which interest is due. This
 73 subsection does not ~~Nothing contained herein shall~~ affect a rate
 74 of interest established by written contract or obligation.

75 Section 2. Present paragraph (c) of subsection (4) of
 76 section 624.315, Florida Statutes, is redesignated as paragraph
 77 (d), and a new paragraph (c) is added to that subsection, to
 78 read:

79 624.315 Annual reports; quarterly reports.-

80 (4)

81 (c)1. The Legislature finds that the state has a strong and
 82 legitimate financial interest in the health and performance of
 83 the property and casualty insurance market. Further, the costs
 84 of property insurance may have a strong impact on the
 85 performance of Florida's housing market, to the benefit or
 86 detriment of Florida residents. Therefore, it is in the interest
 87 of Floridians that the office collect and analyze data regarding

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88 market conduct and performance.

89 2. The office shall create a report that, for each insurer,
90 licensee, or registrant, provides a list of related entities,
91 including, but not limited to, subsidiaries, management
92 companies, captive vendors, and reinsurers, which share common
93 executive officers, directors, or offices or at least 10 percent
94 common ownership with the insurer, licensee, or registrant. The
95 report must also detail the financial relationship between the
96 entities. The office shall publish the report on its website and
97 submit it to the commission, the President of the Senate, the
98 Speaker of the House of Representatives, and the legislative
99 committees with jurisdiction over matters of insurance on or
100 before January 31 of each year.

101 3. The office shall create a report detailing the
102 compensation of executive officers for each insurer, licensee,
103 or registrant, including, but not limited to, salaries,
104 benefits, stock options, bonuses, stock buybacks, and other
105 taxable payments, expressed both as dollar amounts and as a
106 percentage of the entity's total revenue. The report must
107 include the profits and losses of each entity as reported in its
108 financial statements and highlight any compensation exceeding
109 the industry average. The office shall also include in the
110 report any rationale provided by the insurer justifying
111 compensation exceeding the industry average and, for each
112 insurer, an explanation of how specific data gathered during the
113 creation of the report informed the office's decisions on that
114 insurer's rate change requests. The office shall publish the
115 report on its website and submit it to the commission, the
116 President of the Senate, the Speaker of the House of

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117 Representatives, and the legislative committees with
118 jurisdiction over matters of insurance on or before January 31
119 of each year.

120 4. To create the reports required under subparagraphs 2.
121 and 3., the office shall use a reliable and up-to-date
122 methodology and software and shall routinely review such
123 methodology and software for accuracy.

124 5. Any data provided by insurers to the office under this
125 paragraph is not considered a trade secret under s. 812.081, and
126 the office may use such data for market analysis, financial
127 assessments, rate-setting, and compliance reviews. Insurers may
128 not withhold any financial and other data requested by the
129 office under this paragraph as being business sensitive or a
130 trade secret.

131 Section 3. Paragraph (b) of subsection (2) of section
132 627.062, Florida Statutes, is amended to read:

133 627.062 Rate standards.—

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

135 (b) Upon receiving a rate filing, the office shall review
136 the filing to determine whether ~~if~~ a rate is excessive,
137 inadequate, or unfairly discriminatory. In making that
138 determination, the office shall, in accordance with generally
139 accepted and reasonable actuarial techniques, consider the
140 following factors:

141 1. Past and prospective loss experience within and without
142 this state.

143 2. Past and prospective expenses.

144 3. The degree of competition among insurers for the risk
145 insured.

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146 4. Investment income reasonably expected by the insurer,
147 consistent with the insurer's investment practices, from
148 investable premiums anticipated in the filing, plus any other
149 expected income from currently invested assets representing the
150 amount expected on unearned premium reserves and loss reserves.
151 The commission may adopt rules using reasonable techniques of
152 actuarial science and economics to specify the manner in which
153 insurers calculate investment income attributable to classes of
154 insurance written in this state and the manner in which
155 investment income is used to calculate insurance rates. Such
156 manner must contemplate allowances for an underwriting profit
157 factor and full consideration of investment income that produces
158 a reasonable rate of return; however, investment income from
159 invested surplus may not be considered.

160 5. The reasonableness of the judgment reflected in the
161 filing.

162 6. Dividends, savings, or unabsorbed premium deposits
163 allowed or returned to policyholders, members, or subscribers in
164 this state.

165 7. The adequacy of loss reserves.

166 8. The cost of reinsurance. The office may not disapprove a
167 rate as excessive solely due to the insurer having obtained
168 catastrophic reinsurance to cover the insurer's estimated 250-
169 year probable maximum loss or any lower level of loss.

170 9. Trend factors, including trends in actual losses per
171 insured unit for the insurer making the filing.

172 10. Conflagration and catastrophe hazards, if applicable.

173 11. Projected hurricane losses, if applicable, which must
174 be estimated using a model or method found to be acceptable or

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175 reliable by the Florida Commission on Hurricane Loss Projection
176 Methodology, and as further provided in s. 627.0628.

177 12. Projected flood losses for personal residential
178 property insurance, if applicable, which may be estimated using
179 a model or method, or a straight average of model results or
180 output ranges, independently found to be acceptable or reliable
181 by the Florida Commission on Hurricane Loss Projection
182 Methodology and as further provided in s. 627.0628.

183 13. A reasonable margin for underwriting profit and
184 contingencies.

185 14. The cost of medical services, if applicable.

186 15. Any report created by the office pursuant to s.
187 624.315(4).

188 16. Other relevant factors that affect the frequency or
189 severity of claims or expenses.

190

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

194 Section 4. Paragraph (e) of subsection (3) of section
195 627.70131, Florida Statutes, is amended to read:

196 627.70131 Insurer's duty to acknowledge communications
197 regarding claims; investigation.-

198 (3)

199 (e)1. The insurer shall ~~must~~ send the policyholder a
200 written copy of any detailed estimate of the amount of the loss
201 within 7 days after the estimate is generated by an insurer's
202 adjuster. This paragraph does not require that an insurer create
203 a detailed estimate of the amount of the loss if such estimate

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204 is not reasonably necessary as part of the claim investigation.

205 2. When creating and sending the written loss estimate as
206 required under subparagraph 1., the insurer shall comply with
207 all of the following:

208 a. Adjusters shall use an electronic estimating program to
209 create or modify loss estimates. Such program must generate an
210 itemized, per-unit estimate of loss to the property, including,
211 but not limited to, any loss of equipment, materials, labor, or
212 supplies. The program must also generate price data that
213 consists of unit-cost breakdowns consistent with contractor or
214 repair company rates in the relevant geographic market area. The
215 price data used by the program must be updated at least monthly
216 to reflect current market data.

217 b. An adjuster may not modify price data unless the
218 adjuster documents that such modification is necessary for an
219 accurate estimate and reflects current market data. If the
220 adjuster modifies the loss estimate to reflect actual cash value
221 due to depreciation, such modification must be identified in a
222 separate line item.

223 c. An adjuster may not modify a loss estimate unless the
224 modified estimate meets all of the following requirements:

225 (I) Clearly identifies all the modifications made to the
226 original estimate.

227 (II) Provides a detailed explanation for each modification.

228 (III) Specifies the identity of the adjuster who makes each
229 modification.

230 d. If an adjuster modifies the loss estimate pursuant to
231 sub-subparagraph c., the insurer must ensure that all versions
232 of the loss estimate are retained for at least 7 years after the

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233 claim is resolved.

234 3. The insurer or insured may not waive any requirements of
235 subparagraph 2.

236 Section 5. Subsection (2) of section 627.7015, Florida
237 Statutes, is amended to read:

238 627.7015 Alternative procedure for resolution of disputed
239 property insurance claims.—

240 (2) At the time of issuance and renewal of a policy or at
241 the time a first-party claim within the scope of this section is
242 filed by the policyholder, the insurer shall notify the
243 policyholder of its right to participate in the mediation
244 program under this section. A claim becomes eligible for
245 mediation after the insurer complies with s. 627.70131(7) ~~or~~
246 ~~elects to reinspect pursuant to s. 627.70152(4)(a)3.~~ If the
247 insurer has not complied with s. 627.70131(7) ~~or elected to~~
248 ~~reinspect pursuant to s. 627.70152(4)(a)3.~~ within 90 days after
249 notice of the loss, the insurer may not require mediation under
250 this section. This subsection does not impair the right of an
251 insurance company to request mediation after a determination of
252 coverage pursuant to this section or require appraisal or
253 another method of alternative dispute resolution pursuant to s.
254 627.70152(4)(c) ~~s. 627.70152(4)(b)~~. The department shall prepare
255 a consumer information pamphlet for distribution to persons
256 participating in mediation.

257 Section 6. Subsection (4) of section 627.70152, Florida
258 Statutes, is amended, and subsections (8) and (9) are added to
259 that section, to read:

260 627.70152 Suits arising under a property insurance policy.—

261 (4) INSURER DUTIES.—An insurer must have a procedure for

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262 the prompt investigation, review, and evaluation of the dispute
263 stated in the notice and must investigate each claim contained
264 in the notice in accordance with the Florida Insurance Code. An
265 insurer shall ~~must~~ respond in writing within 10 business days
266 after receiving the notice specified in subsection (3). The
267 insurer must provide the response to the claimant by e-mail if
268 the insured has designated an e-mail address in the notice.

269 (a) If an insurer is responding to a notice served on the
270 insurer following a denial of coverage by the insurer, the
271 insurer must respond by:

- 272 1. Accepting the presuit settlement demand ~~coverage;~~
- 273 2. Making a counteroffer to the presuit settlement demand
274 ~~Continuing to deny coverage; or~~
- 275 3. Providing a statement that indicates the insurer is
276 declining to respond to the notice ~~Asserting the right to~~
277 ~~reinspect the damaged property. If the insurer responds by~~
278 ~~asserting the right to reinspect the damaged property, it has 14~~
279 ~~business days after the response asserting that right to~~
280 ~~reinspect the property and accept or continue to deny coverage.~~
281 ~~The time limits provided in s. 95.11 are tolled during the~~
282 ~~reinspection period if such time limits expire before the end of~~
283 ~~the reinspection period. If the insurer continues to deny~~
284 ~~coverage, the claimant may file suit without providing~~
285 ~~additional notice to the insurer.~~

286 (b) After the response provided under paragraph (a), and
287 before initiating litigation, the claimant and insurer must
288 participate in mandatory mediation in the same manner as
289 provided in s. 627.7015 except that the mediation is mandatory
290 and the cost of mediation must be shared equally between the

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291 parties, unless otherwise agreed upon.

292 (c) If an insurer is responding to a notice provided to the
293 insurer alleging an act or omission by the insurer other than a
294 denial of coverage, the insurer must respond by making a
295 settlement offer or requiring the claimant to participate in
296 appraisal or another method of alternative dispute resolution.
297 The time limits provided in s. 95.11 are tolled as long as
298 appraisal or other alternative dispute resolution is ongoing if
299 such time limits expire during the appraisal process or dispute
300 resolution process. If the appraisal or alternative dispute
301 resolution has not been concluded within 90 days after the
302 expiration of the 10-day notice of intent to initiate litigation
303 specified in subsection (3), the claimant or claimant's attorney
304 may immediately file suit without providing the insurer
305 additional notice.

306 (8) ATTORNEY FEES.—In cases arising from a property
307 insurance dispute, the court shall determine attorney fees as
308 provided in this subsection.

309 (a) If the judgment entered is at least 80 percent greater
310 than the claimant's presuit settlement demand, the prevailing
311 party's attorney must be awarded 100 percent of the reasonably
312 incurred attorney fees.

313 (b) If the judgment entered is between 20 percent and 80
314 percent, inclusive, of the claimant's presuit settlement demand,
315 the prevailing party's attorney must be awarded the percentage
316 of reasonably incurred attorney fees which is proportional to
317 the percentage of the judgement relative to the presuit demand.

318 (c) If the judgment is less than 20 percent of the
319 claimant's presuit settlement demand, the prevailing party's

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320 attorney may not be awarded attorney fees.

321 (d) Paragraphs (a), (b), and (c) do not apply in any of the
322 following circumstances:

323 1. The insurer fails to comply with statutory timelines for
324 responding to claims or engaging in mediation.

325 2. The claimant's demand is deemed reasonable by the court,
326 regardless of judgment outcome.

327 3. The court finds evidence of bad faith or abuse of the
328 litigation process by either party.

329 (9) PENALTIES.—The office may impose any penalty authorized
330 under the Florida Insurance Code on a person who violates this
331 section, including injunctions, fines, and fees.

332 Section 7. Subsection (2) of section 627.70154, Florida
333 Statutes, is amended to read:

334 627.70154 Mandatory binding arbitration.—A property
335 insurance policy issued in this state may not require that a
336 policyholder participate in mandatory binding arbitration unless
337 all of the following apply:

338 (2) The premium that a policyholder is charged for the
339 policy includes an actuarially sound credit or premium discount
340 for the mandatory binding arbitration endorsement. The insurer
341 shall disclose the dollar amount of such credit or discount when
342 providing a quote to the policyholder.

343 Section 8. For the purpose of incorporating the amendment
344 made by this act to section 627.062, Florida Statutes, in a
345 reference thereto, subsection (1) of section 627.151, Florida
346 Statutes, is reenacted to read:

347 627.151 Basis of approval or disapproval of workers'
348 compensation or employer's liability insurance filing; scope of

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349 disapproval power.—

350 (1) In determining at any time whether to approve or
351 disapprove a filing as to workers' compensation or employer's
352 liability insurance, or to permit the filing otherwise to become
353 effective, the office shall give consideration only to the
354 applicable standards and factors referred to in ss. 627.062 and
355 627.072.

356 Section 9. For the purpose of incorporating the amendment
357 made by this act to section 627.062, Florida Statutes, in a
358 reference thereto, paragraph (b) of subsection (3) of section
359 627.715, Florida Statutes, is reenacted to read:

360 627.715 Flood insurance.—An authorized insurer may issue an
361 insurance policy, contract, or endorsement providing personal
362 lines residential coverage for the peril of flood or excess
363 coverage for the peril of flood on any structure or the contents
364 of personal property contained therein, subject to this section.
365 This section does not apply to commercial lines residential or
366 commercial lines nonresidential coverage for the peril of flood.
367 An insurer may issue flood insurance policies, contracts,
368 endorsements, or excess coverage on a standard, preferred,
369 customized, flexible, or supplemental basis.

370 (3)

371 (b) For flood coverage rates filed with the office before
372 October 1, 2025, the insurer may also establish and use such
373 rates in accordance with the rates, rating schedules, or rating
374 manuals filed by the insurer with the office which allow the
375 insurer a reasonable rate of return on flood coverage written in
376 this state. Flood coverage rates established pursuant to this
377 paragraph are not subject to s. 627.062(2)(a) and (f). An

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378 insurer shall notify the office of any change to such rates
379 within 30 days after the effective date of the change. The
380 notice must include the name of the insurer and the average
381 statewide percentage change in rates. Actuarial data with regard
382 to such rates for flood coverage must be maintained by the
383 insurer for 2 years after the effective date of such rate change
384 and is subject to examination by the office. The office may
385 require the insurer to incur the costs associated with an
386 examination. Upon examination, the office, in accordance with
387 generally accepted and reasonable actuarial techniques, shall
388 consider the rate factors in s. 627.062(2)(b), (c), and (d), and
389 the standards in s. 627.062(2)(e), to determine if the rate is
390 excessive, inadequate, or unfairly discriminatory. If the office
391 determines that a rate is excessive or unfairly discriminatory,
392 the office shall require the insurer to provide appropriate
393 credit to affected insureds or an appropriate refund to affected
394 insureds who no longer receive coverage from the insurer.

395 Section 10. For the purpose of incorporating the amendment
396 made by this act to section 627.062, Florida Statutes, in a
397 reference thereto, paragraph (b) of subsection (9) of section
398 627.7151, Florida Statutes, is reenacted to read:

399 627.7151 Limited sinkhole coverage insurance.—

400 (9)

401 (b) For limited sinkhole coverage insurance rates filed
402 with the office before October 1, 2019, the insurer may also
403 establish and use rates in accordance with the rates, rating
404 schedules, or rating manuals filed by the insurer with the
405 office which allow the insurer a reasonable rate of return on
406 limited sinkhole coverage insurance written in this state.

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407 Limited sinkhole coverage insurance rates established pursuant
408 to this paragraph are not subject to s. 627.062(2)(a) or (f). An
409 insurer shall notify the office of any change to such rates
410 within 30 days after the effective date of the change. The
411 notice must include the name of the insurer and the average
412 statewide percentage change in rates. Actuarial data with regard
413 to such rates for limited sinkhole coverage insurance must be
414 maintained by the insurer for 2 years after the effective date
415 of such rate change and is subject to examination by the office.
416 The office may require the insurer to incur the costs associated
417 with an examination. Upon examination, the office, in accordance
418 with generally accepted and reasonable actuarial techniques,
419 shall consider the rate factors in s. 627.062(2)(b) and (d) and
420 the standards in s. 627.062(2)(e) to determine whether the rate
421 is excessive, inadequate, or unfairly discriminatory.

422 Section 11. This act shall take effect July 1, 2025.