

By Senator Davis

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

26 Section 1. Subsection (1) of section 627.4025, Florida
27 Statutes, is amended to read:

28 627.4025 Residential coverage and hurricane coverage
29 defined.—

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30 (1) Residential coverage includes both personal lines and
31 commercial lines coverage. Personal lines residential coverage
32 includes residential coverage, which consists of the type of
33 coverage provided by homeowner, mobile home owner, dwelling,
34 tenant, condominium unit owner, cooperative unit owner, and
35 similar personal lines residential policies., and Commercial
36 lines residential coverage includes, which consists of the type
37 of coverage provided by condominium association, cooperative
38 association, apartment building, and similar commercial lines
39 residential policies, including policies covering the common
40 elements of a homeowners association. Residential coverage for
41 personal lines and commercial lines as set forth in this section
42 includes policies that provide coverage for particular perils
43 such as windstorm and hurricane or coverage for insurer
44 insolvency or deductibles.

45 Section 2. Subsection (3) is added to section 627.418,
46 Florida Statutes, to read:

47 627.418 Validity of noncomplying contracts.—

48 (3) An insurer may not impose or enforce any policy
49 condition or requirement that is not authorized by this
50 insurance code unless the condition or requirement has been
51 submitted to and approved by the office. Any such unauthorized
52 condition or requirement is void and unenforceable. If a policy
53 contains any condition or requirement not authorized by this
54 insurance code but approved by the office, the insurer must
55 clearly disclose such provision to the insured at the time of
56 issuance along with necessary definitions to understand the
57 provisions of the policy and the steps required for compliance
58 with the provisions of the policy, using plain language, and

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59 must allow the insured to cancel the policy within 10 days after
60 receipt at no cost. The disclosure must include the following
61 notice, printed in bold type:

62
63 IMPORTANT NOTICE: SOME PROVISIONS IN THIS POLICY ARE
64 NOT ESTABLISHED BY FLORIDA STATUTES. FAILURE TO MEET
65 THESE CONTRACTUAL REQUIREMENTS MAY AFFECT YOUR
66 COVERAGE OR RESULT IN CLAIM DELAY OR DENIAL. YOU HAVE
67 RIGHTS UNDER FLORIDA LAW. YOU MAY CANCEL THIS POLICY
68 WITHIN 10 DAYS AFTER RECEIPT AT NO COST.

69 Section 3. Subsection (2) of section 627.426, Florida
70 Statutes, is amended to read:

71 627.426 Claims administration.—

72 (2) A liability insurer may shall not be permitted to deny
73 coverage based on a particular coverage defense unless all of
74 the following conditions are met:

75 (a) 1. Within 30 days after the liability insurer knew or
76 should have known of the coverage defense, written notice of
77 reservation of rights to assert a coverage defense is given to
78 the named insured by United States postal proof of mailing,
79 registered or certified mail, or other mailing using the
80 Intelligent Mail barcode or other similar tracking method used
81 or approved by the United States Postal Service sent to the last
82 known address of the insured or by hand delivery. Such notice of
83 reservation of rights must include all the following:

84 a. A clear statement of the factual issue giving rise to
85 the reservation of rights.

86 b. An explanation, in plain language, of why the issue may
87 affect coverage.

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88 c. A description of any additional information or
89 documentation needed from the insured.

90 d. A description of the next steps in the investigative
91 process and the expected timeframes for completing those steps.

92 e. If the insurer determines that fraud or
93 misrepresentation may affect the claim, identification of the
94 specific facts supporting that determination.

95 2. A notice of reservation of rights given under this
96 section may not be used to extend, delay, or suspend the payment
97 of a covered loss or any statutory deadline for paying or
98 denying a claim under this code.; and

99 (b) Within 60 days after ~~of~~ compliance with paragraph (a)
100 or receipt of a summons and complaint naming the insured as a
101 defendant, whichever is later, but in no case later than 30 days
102 before trial, the insurer:

103 1. Gives written notice to the named insured by United
104 States postal proof of mailing, registered or certified mail, or
105 other mailing using the Intelligent Mail barcode or other
106 similar tracking method used or approved by the United States
107 Postal Service of its refusal to defend the insured;

108 2. Obtains from the insured a nonwaiver agreement following
109 full disclosure of the specific facts and policy provisions upon
110 which the coverage defense is asserted and the duties,
111 obligations, and liabilities of the insurer during and following
112 the pendency of the subject litigation; or

113 3. Retains independent counsel which is mutually agreeable
114 to the parties. Reasonable fees for the counsel may be agreed
115 upon between the parties or, if no agreement is reached, shall
116 be set by the court.

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117 Section 4. Paragraph (a) of subsection (7) of section
118 627.70131, Florida Statutes, is amended to read:

119 627.70131 Insurer's duty to acknowledge communications
120 regarding claims; investigation.—

121 (7) (a) Within 30 60 days after an insurer receives notice
122 of an initial, reopened, or supplemental property insurance
123 claim from a policyholder, the insurer shall pay or deny such
124 claim or a portion of the claim unless the failure to pay or
125 deny is caused by factors beyond the insurer's control ~~of the~~
126 ~~insurer~~. The insurer shall provide a clear, written reasonable
127 ~~explanation in writing~~ to the policyholder which outlines the
128 ~~reasoning of the basis in the insurance policy, in relation to~~
129 ~~the facts or applicable law,~~ for the payment, denial, or partial
130 denial of the a claim, referencing relevant sections of the
131 insurance policy, applicable facts, or laws. Such explanation
132 may not be solely a recitation of policy provisions without
133 application of those provisions to the facts of the claim. If
134 the insurer's claim payment is less than specified in any
135 insurer's detailed estimate of the amount of the loss, the
136 insurer must provide a reasonable explanation in writing of the
137 difference to the policyholder. Any payment for ~~of~~ an initial or
138 supplemental claim or portion of such claim made 60 days after
139 the insurer receives notice of the claim, or made after the
140 expiration of any additional timeframe provided to pay or deny a
141 claim or a portion of a claim made pursuant to an order of the
142 office finding factors beyond the insurer's control ~~of the~~
143 ~~insurer~~, whichever is later, bears interest at the rate set
144 forth in s. 55.03. Interest begins to accrue from the date the
145 insurer receives notice of the claim. If the insurer fails to

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146 pay the full amount owed on the claim within 90 days after the
147 insurer receives notice of the claim or within any extended
148 timeframe authorized by order of the office, the insurer has an
149 uncontestable obligation to pay the amount owed, together with
150 interest as provided in this subsection and an additional equal
151 interest penalty. The department may enforce such obligation.
152 The provisions of this subsection may not be waived, voided, or
153 nullified by the terms of the insurance policy. If there is a
154 right to prejudgment interest, the insured must select whether
155 to receive prejudgment interest or interest under this
156 subsection. Interest is payable when the claim or portion of the
157 claim is paid, even if the payment is contingent upon a release.
158 Failure to comply with this subsection constitutes a violation
159 of this code. However, failure to comply with this subsection
160 does not form the sole basis for a private cause of action.

161 Section 5. This act shall take effect July 1, 2026.