

By Senator Davis

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A bill to be entitled  
An act relating to insurance regulation; amending s.  
627.4025, F.S.; making clarifying changes regarding  
the definition of residential coverage; amending s.  
627.418, F.S.; prohibiting insurers from imposing or  
enforcing certain policy conditions or requirements;  
providing an exception; specifying that such  
conditions or requirements are void; requiring  
insurers to make certain disclosures and allow the  
insured to cancel the policy under certain  
circumstances; amending s. 627.426, F.S.; revising the  
conditions under which liability insurers may deny  
coverage based on a particular coverage defense;  
amending s. 627.70131, F.S.; revising the timeframe in  
which insurers must pay or deny claims; revising  
requirements for the explanation for the payment,  
denial, or partial payment; specifying that insurers  
have an obligation to pay a specified amount under  
certain circumstances; authorizing the Department of  
Financial Services to enforce such obligation; making  
a clarifying change regarding interest payments;  
providing an effective date.

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

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

627.4025 Residential coverage and hurricane coverage  
defined.—

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(1) Residential coverage includes both personal lines and commercial lines coverage. Personal lines residential coverage includes residential coverage, which consists of the type of coverage provided by homeowner, mobile home owner, dwelling, tenant, condominium unit owner, cooperative unit owner, and similar personal lines residential policies. ~~and Commercial lines residential coverage includes, which consists of the type of coverage provided by~~ condominium association, cooperative association, apartment building, and similar commercial lines residential policies, including policies covering the common elements of a homeowners association. Residential coverage for personal lines and commercial lines as set forth in this section includes policies that provide coverage for particular perils such as windstorm and hurricane or coverage for insurer insolvency or deductibles.

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

627.418 Validity of noncomplying contracts.—

(3) An insurer may not impose or enforce any policy condition or requirement that is not authorized by this insurance code unless the condition or requirement has been submitted to and approved by the office. Any such unauthorized condition or requirement is void and unenforceable. If a policy contains any condition or requirement not authorized by this insurance code but approved by the office, the insurer must clearly disclose such provision to the insured at the time of issuance along with necessary definitions to understand the provisions of the policy and the steps required for compliance 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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Section 4. Paragraph (a) of subsection (7) of section 627.70131, Florida Statutes, is amended to read:

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

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