

By Senator Davis

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30 requiring insurers to identify and source parts
31 required for the repair and provide certain
32 information to insureds; defining the term "local
33 market area"; requiring insurers to obtain written
34 approval from insureds under certain circumstances;
35 specifying requirements of such written approval;
36 defining the term "diminished value"; requiring
37 insurers to compensate claimants for diminished value;
38 specifying the manner of calculation of diminished
39 value; requiring insurers to provide certain written
40 documentation to insureds; specifying that certain
41 policy provisions are void and unenforceable; amending
42 s. 626.9744, F.S.; requiring insurers to use certain
43 replacement items, parts, or materials under certain
44 circumstances; requiring insurers to make reasonable
45 repairs or replacement of items, parts, or materials
46 in adjoining areas under certain circumstances;
47 requiring insurers to provide insureds with a
48 specified repair plan before work is performed;
49 requiring insurers to identify and source items,
50 parts, or materials required to complete the work and
51 provide certain information to insureds; amending s.
52 627.4025, F.S.; making clarifying changes regarding
53 the types of coverages included in residential
54 coverage; amending s. 627.418, F.S.; prohibiting
55 insurers from imposing or enforcing certain policy
56 conditions or requirements; providing an exception;
57 specifying that such conditions or requirements, if
58 not authorized, are void and unenforceable; requiring

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59 insurers to make certain disclosures and allow the
60 insured to cancel the policy under certain
61 circumstances; amending s. 627.426, F.S.; revising the
62 conditions under which liability insurers may deny
63 coverage based on a particular coverage defense;
64 reviving, reenacting, and amending s. 627.428, F.S.,
65 relating to attorney fees in cases involving an
66 insurer; providing an exception related to the right
67 to attorney fees and costs in suits arising under a
68 residential or commercial property insurance policy;
69 amending s. 627.70131, F.S.; revising the timeframe in
70 which insurers must pay or deny claims; revising
71 requirements for the explanation for the payment,
72 denial, or partial payment of claims; specifying that
73 insurers have an obligation to pay a specified amount
74 under certain circumstances; authorizing the
75 Department of Financial Services to enforce such
76 obligation; making a clarifying change regarding
77 interest payments; amending s. 627.70151, F.S.;
78 requiring insurers to bear certain costs; providing an
79 exception; providing an effective date.

80
81 Be It Enacted by the Legislature of the State of Florida:

82
83 Section 1. Subsection (3) of section 626.112, Florida
84 Statutes, is amended to read:

85 626.112 License and appointment required; agents, customer
86 representatives, adjusters, insurance agencies, service
87 representatives, managing general agents, insurance adjusting

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88 firms.—

89 (3) A No person may not shall act as an adjuster as to any
90 class of business for which he or she is not then licensed and
91 appointed. If an adjuster lacks an active license or appointment
92 while adjusting an insurance claim, the department must take
93 immediate enforcement action against both the adjuster and the
94 insurer employing, contracting with, or directing such adjuster.

95 Section 2. Present subsections (8) through (10) of section
96 626.2815, Florida Statutes, are redesignated as subsections (9)
97 through (11), respectively, and a new subsection (8) is added to
98 that section, to read:

99 626.2815 Continuing education requirements.—

100 (8) (a) An adjuster who is not a resident of this state must
101 complete 24 hours of Florida-specific continuing education
102 courses annually as part of the requirements imposed under this
103 section.

104 (b) The courses required under this subsection must be
105 delivered by recorded instruction and must include statutes,
106 administrative rules, ethical duties, and claims-handling
107 standards applicable to adjusting insurance claims within this
108 state.

109 Section 3. Paragraphs (r), (s), and (t) are added to
110 subsection (1) of section 626.611, Florida Statutes, to read:

111 626.611 Grounds for compulsory refusal, suspension, or
112 revocation of agent's, title agency's, adjuster's, customer
113 representative's, service representative's, or managing general
114 agent's license or appointment.—

115 (1) The department shall deny an application for, suspend,
116 revoke, or refuse to renew or continue the license or

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117 appointment of any applicant, agent, title agency, adjuster,
118 customer representative, service representative, or managing
119 general agent, and it shall suspend or revoke the eligibility to
120 hold a license or appointment of any such person, if it finds
121 that as to the applicant, licensee, or appointee any one or more
122 of the following applicable grounds exist:

123 (r) Committing a felony or misdemeanor during the
124 adjustment, investigation, or handling of an insurance claim.

125 (s) Engaging in discriminatory claims-handling practices
126 based on race, color, national origin, religion, sex, gender,
127 marital status, disability, or age, as demonstrated by competent
128 substantial evidence.

129 (t) Knowingly misinterpreting or directing another to
130 misinterpret, any provision of an insurance policy or the
131 insurance code in a manner that creates coverage limitations,
132 exclusions, or conditions not found in the plain text of such
133 policy or code.

134 Section 4. Paragraph (a) of subsection (15) of section
135 626.854, Florida Statutes, is amended to read:

136 626.854 "Public adjuster" defined; prohibitions.—The
137 Legislature finds that it is necessary for the protection of the
138 public to regulate public insurance adjusters and to prevent the
139 unauthorized practice of law.

140 (15) The public adjuster must ensure that prompt notice is
141 given of the claim to the insurer, the public adjuster's
142 contract is provided to the insurer, the property is available
143 for inspection of the loss or damage by the insurer, and the
144 insurer is given an opportunity to interview the insured
145 directly about the loss and claim. The insurer must be allowed

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146 to obtain necessary information to investigate and respond to
147 the claim.

148 (a) The insurer may not exclude the public adjuster or the
149 public adjuster's attorney from its in-person meetings with the
150 insured. The insurer shall meet or communicate with the public
151 adjuster or the public adjuster's attorney in an effort to reach
152 agreement as to the scope of the covered loss under the
153 insurance policy. The public adjuster or the public adjuster's
154 attorney shall meet or communicate with the insurer in an effort
155 to reach agreement as to the scope of the covered loss under the
156 insurance policy. This section does not impair the terms and
157 conditions of the insurance policy in effect at the time the
158 claim is filed.

159 Section 5. Paragraph (i) of subsection (1) of section
160 626.9541, Florida Statutes, is amended to read:

161 626.9541 Unfair methods of competition and unfair or
162 deceptive acts or practices defined.—

163 (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE
164 ACTS.—The following are defined as unfair methods of competition
165 and unfair or deceptive acts or practices:

166 (i) *Unfair claim settlement practices.*—

167 1. Attempting to settle claims on the basis of an
168 application, when serving as a binder or intended to become a
169 part of the policy, or any other material document which was
170 altered without notice to, or knowledge or consent of, the
171 insured;

172 2. A material misrepresentation made to an insured or any
173 other person having an interest in the proceeds payable under
174 such contract or policy, for the purpose and with the intent of

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175 effecting settlement of such claims, loss, or damage under such
176 contract or policy on less favorable terms than those provided
177 in, and contemplated by, such contract or policy;

178 3. Committing or performing with such frequency as to
179 indicate a general business practice any of the following:

180 a. Failing to adopt and implement standards for the proper
181 investigation of claims;

182 b. Misrepresenting pertinent facts or insurance policy
183 provisions relating to coverages at issue;

184 c. Failing to acknowledge and act promptly upon
185 communications with respect to claims;

186 d. Denying claims without conducting reasonable
187 investigations based upon available information;

188 e. Failing to affirm or deny full or partial coverage of
189 claims, and, as to partial coverage, the dollar amount or extent
190 of coverage, or failing to provide a written statement that the
191 claim is being investigated, upon the written request of the
192 insured within 30 days after proof-of-loss statements have been
193 completed;

194 f. Failing to promptly provide a reasonable explanation in
195 writing to the insured of the basis in the insurance policy, in
196 relation to the facts or applicable law, for denial of a claim
197 or for the offer of a compromise settlement;

198 g. Failing to promptly notify the insured of any additional
199 information necessary for the processing of a claim;

200 h. Failing to clearly explain the nature of the requested
201 information and the reasons why such information is necessary;

202 i. Failing to pay personal injury protection insurance
203 claims within the time periods required by s. 627.736(4)(b). The

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204 office may order the insurer to pay restitution to a
205 policyholder, medical provider, or other claimant, including
206 interest at a rate consistent with the amount set forth in s.
207 55.03(1), for the time period within which an insurer fails to
208 pay claims as required by law. Restitution is in addition to any
209 other penalties allowed by law, including, but not limited to,
210 the suspension of the insurer's certificate of authority; or
211 j. Altering or amending an insurance adjuster's report
212 without:

213 (I) Providing a detailed explanation as to why any change
214 that has the effect of reducing the estimate of the loss was
215 made; and

216 (II) Including on the report or as an addendum to the
217 report a detailed list of all changes made to the report and the
218 identity of the person who ordered each change; or

219 (III) Retaining all versions of the report, and including
220 within each such version, for each change made within such
221 version of the report, the identity of each person who made or
222 ordered such change; ~~or~~

223 4. Failing to pay undisputed amounts of partial or full
224 benefits owed under first-party property insurance policies
225 within 60 days after an insurer receives notice of a residential
226 property insurance claim, determines the amounts of partial or
227 full benefits, and agrees to coverage, unless payment of the
228 undisputed benefits is prevented by factors beyond the control
229 of the insurer as defined in s. 627.70131(5);

230 5. Knowingly asserting a policy defense without a
231 reasonable basis under the express language of the policy or
232 applicable law; or

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233 6. Failing to disclose a policy defense promptly in writing
234 when issuing a denial or contested coverage determination.

235 Section 6. Present subsection (10) of section 626.9743,
236 Florida Statutes, is redesignated as subsection (11), a new
237 subsection (10) is added to that section, and subsections (2)
238 and (4) and paragraph (a) of subsection (5) of that section are
239 amended, to read:

240 626.9743 Claim settlement practices relating to motor
241 vehicle insurance.—

242 (2) An insurer may not, when liability and damages owed
243 under the policy are reasonably clear, recommend that a third-
244 party claimant make a claim under his or her own policy solely
245 to avoid paying the claim under the policy issued by that
246 insurer. However, the insurer may identify options to a third-
247 party claimant relative to the repair of his or her vehicle.
248 When liability and damages owed under the policy are reasonably
249 clear, the insurer, upon request by the third-party claimant,
250 must promptly provide the third-party claimant with payment or
251 assistance for loss of use of his or her motor vehicle,
252 including reasonable temporary transportation, to the extent
253 that such coverage would have been available under the policy if
254 the loss had been sustained by the first-party insured, subject
255 to the policy's terms, conditions, and applicable limits.

256 (4) When an insurer elects to repair a motor vehicle, an
257 insurer may not require the use of replacement parts in the
258 repair of a motor vehicle which are not at least equivalent in
259 kind and quality to the damaged parts prior to the loss in terms
260 of color, size, fit, appearance, and performance. All such
261 replacement parts must comply with manufacturer specifications

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262 and must be able to perform the same function and provide
263 durability and safety equivalent to the condition of the damaged
264 part immediately before the loss. If equivalent parts cannot
265 reasonably be obtained to restore a reasonably uniform
266 appearance, the insurer must replace the entire damaged area and
267 any adjoining areas necessary to achieve a reasonably uniform
268 appearance. Before any work is performed to repair the vehicle,
269 the insurer must provide the insured with a written repair plan
270 describing the scope of work, the basis for electing to repair,
271 and the steps necessary to complete the repairs. The insurer
272 must also identify and source all parts required for the repair
273 and provide the supplier's name, any applicable stock keeping
274 unit or part number, and price and availability information for
275 such parts to the insured.

276 (5) When the insurance policy provides for the adjustment
277 and settlement of first-party motor vehicle total losses on the
278 basis of actual cash value or replacement with another of like
279 kind and quality, the insurer shall use one of the following
280 methods:

281 (a) The insurer may elect a cash settlement based upon the
282 actual cost to purchase a comparable motor vehicle, including
283 sales tax, if applicable pursuant to subsection (9).

284 1. For purposes of this paragraph, the term "local market
285 area" means a geographical area within 50 miles of the insured's
286 primary residence.

287 2. The actual cost to purchase a comparable motor vehicle
288 ~~such cost~~ may be derived from any of the following methods:

289 a.1. When comparable motor vehicles are available in the
290 local market area, the cost of two or more such comparable motor

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291 vehicles available within the preceding 90 days.~~;~~

292 b.2. The retail cost as determined from a generally
293 recognized used motor vehicle industry source such as:

294 (I)a. An electronic database if the pertinent portions of
295 the valuation documents generated by the database are provided
296 by the insurer to the first-party insured upon request; or

297 (II)b. A guidebook that is generally available to the
298 general public if the insurer identifies the guidebook used as
299 the basis for the retail cost to the first-party insured upon
300 request.~~;~~ or

301 c.3. The retail cost using two or more quotations obtained
302 by the insurer from two or more licensed dealers in the local
303 market area.

304 3. If the insurer seeks to obtain market data outside the
305 local market area to determine the actual cost to purchase a
306 comparable motor vehicle, the insurer must obtain written
307 approval from the insured. The written approval must include the
308 insured's signature and the following statement in no smaller
309 than 18-point bold, uppercase type:

310
311 I AUTHORIZE THE INSURER TO EXPAND THE LOCAL MARKET
312 AREA BEYOND 50 MILES FROM MY PRIMARY RESIDENCE FOR THE
313 PURPOSE OF LOCATING MARKET DATA NECESSARY TO DETERMINE
314 THE ACTUAL CASH VALUE OF MY VEHICLE, PURSUANT TO S.
315 626.9743, FLORIDA STATUTES.

316
317 (10) (a) For purposes of this subsection, the term:

318 1. "Diminished value" means the loss in the market value of
319 a motor vehicle which remains after repairs are performed to

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320 restore the vehicle to its pre-loss physical condition as to
321 performance and appearance, due to the vehicle having sustained
322 damage and having an accident history.

323 2. "Local market area" has the same meaning as in
324 subparagraph (5)(a)1.

325 (b) When a motor vehicle is repaired due to a covered loss,
326 the insurer shall compensate the claimant for diminished value.

327 (c) Diminished value shall be calculated by one of the
328 following methods:

329 1. Averaging the differences obtained from subtracting from
330 the actual cash value of the vehicle as determined under
331 subsection (5) the market values of two comparable motor
332 vehicles located within the local market area.

333 a. The two comparable motor vehicles must have sustained
334 comparable damage and repair.

335 b. If an insurer seeks to obtain valuation data from
336 outside the local market area, it must comply with the
337 requirements in subparagraph (5)(a)3.

338 2. Obtaining no fewer than four dealer trade-in quotations
339 for the repaired vehicle, averaging the quotations, and
340 increasing the amount by 20 percent.

341 (d) The insurer shall provide to the insured written
342 documentation supporting the diminished value determination used
343 in the claim settlement.

344 (e) Any policy provision that purports to exclude
345 diminished value for repaired motor vehicles is void and
346 unenforceable.

347 Section 7. Subsection (2) of section 626.9744, Florida
348 Statutes, is amended to read:

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349 626.9744 Claim settlement practices relating to property
350 insurance.—Unless otherwise provided by the policy, when a
351 homeowner's insurance policy provides for the adjustment and
352 settlement of first-party losses based on repair or replacement
353 cost, the following requirements apply:

354 (2) In adjusting or settling a loss that involves the use
355 of replacement items, parts, or materials, the insurer shall use
356 replacement items, parts, or materials that are at least
357 equivalent in kind and quality to the damaged items, parts, or
358 materials before the loss in terms of color, size, fit,
359 appearance, performance, and durability. When a loss requires
360 replacement of items, parts, or materials, and the replaced
361 items, parts, or materials do not match the existing undamaged
362 areas in quality, color, or size, or appearance, the insurer
363 shall make reasonable repairs or replacement of items, parts, or
364 materials in adjoining areas as necessary to achieve a
365 reasonably uniform appearance. In determining the extent of the
366 repairs or replacement of items in adjoining areas, the insurer
367 may consider the cost of repairing or replacing the undamaged
368 portions of the property, the degree of uniformity that can be
369 achieved without such cost, the remaining useful life of the
370 undamaged portion, and other relevant factors. Before any work
371 is performed to repair or replace damaged items, parts, or
372 materials, the insurer must provide the insured with a written
373 plan describing the scope of work, the basis for electing to
374 repair or replace, and the steps necessary to complete such
375 work. The insurer must also identify and source all replacement
376 items, parts, or materials required to complete such work and
377 provide the supplier's name, any applicable stock keeping unit

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378 or part number, and price and availability information for such
379 items, parts, or materials to the insured.

380 Section 8. Subsection (1) of section 627.4025, Florida
381 Statutes, is amended to read:

382 627.4025 Residential coverage and hurricane coverage
383 defined.—

384 (1) Residential coverage includes both personal lines and
385 commercial lines coverage. Personal lines residential coverage
386 includes residential coverage, which consists of the type of
387 coverage provided by homeowner, mobile home owner, dwelling,
388 tenant, condominium unit owner, cooperative unit owner, and
389 similar personal lines residential policies, and Commercial
390 lines residential coverage includes, which consists of the type
391 of coverage provided by condominium association, cooperative
392 association, apartment building, and similar commercial lines
393 residential policies, including policies covering the common
394 elements of a homeowners association. Residential coverage for
395 personal lines and commercial lines as set forth in this section
396 includes policies that provide coverage for particular perils
397 such as windstorm and hurricane or coverage for insurer
398 insolvency or deductibles.

399 Section 9. Subsection (3) is added to section 627.418,
400 Florida Statutes, to read:

401 627.418 Validity of noncomplying contracts.—

402 (3) An insurer may not impose or enforce any policy
403 condition or requirement that is not authorized by this
404 insurance code unless the condition or requirement has been
405 submitted to and approved by the office. Any such unauthorized
406 condition or requirement is void and unenforceable. If a policy

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407 contains any condition or requirement not authorized by this
408 insurance code but approved by the office, the insurer must
409 clearly disclose that the provision is not authorized by the
410 insurance code to the insured at the time of issuance along with
411 necessary definitions to understand the provisions of the policy
412 and the steps required for compliance with the provisions of the
413 policy, using plain language, and must allow the insured to
414 cancel the policy within 10 days after receipt at no cost. The
415 disclosure must include the following notice, printed in bold
416 type:

417

418 IMPORTANT NOTICE: SOME PROVISIONS IN THIS POLICY ARE
419 NOT ESTABLISHED BY FLORIDA STATUTES. FAILURE TO MEET
420 THESE CONTRACTUAL REQUIREMENTS MAY AFFECT YOUR
421 COVERAGE OR RESULT IN CLAIM DELAY OR DENIAL. YOU HAVE
422 RIGHTS UNDER FLORIDA LAW. YOU MAY CANCEL THIS POLICY
423 WITHIN 10 DAYS AFTER RECEIPT AT NO COST.

424 Section 10. Subsection (2) of section 627.426, Florida
425 Statutes, is amended to read:

426 627.426 Claims administration.—

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

430 (a) 1. Within 30 days after the liability insurer knew or
431 should have known of the coverage defense, written notice of
432 reservation of rights to assert a coverage defense is given to
433 the named insured by United States postal proof of mailing,
434 registered or certified mail, or other mailing using the
435 Intelligent Mail barcode or other similar tracking method used

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436 or approved by the United States Postal Service sent to the last
437 known address of the insured or by hand delivery. Such notice of
438 reservation of rights must include all the following:

439 a. A clear statement of the factual issue giving rise to
440 the reservation of rights.

441 b. An explanation, in plain language, of why the issue may
442 affect coverage.

443 c. A description of any additional information or
444 documentation needed from the insured.

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

447 e. If the insurer determines that fraud or
448 misrepresentation may affect the claim, identification of the
449 specific facts supporting that determination.

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

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

458 1. Gives written notice to the named insured by United
459 States postal proof of mailing, registered or certified mail, or
460 other mailing using the Intelligent Mail barcode or other
461 similar tracking method used or approved by the United States
462 Postal Service of its refusal to defend the insured;

463 2. Obtains from the insured a nonwaiver agreement following
464 full disclosure of the specific facts and policy provisions upon

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465 which the coverage defense is asserted and the duties,
466 obligations, and liabilities of the insurer during and following
467 the pendency of the subject litigation; or

468 3. Retains independent counsel which is mutually agreeable
469 to the parties. Reasonable fees for the counsel may be agreed
470 upon between the parties or, if no agreement is reached, shall
471 be set by the court.

472 Section 11. Notwithstanding the repeal of section 627.428,
473 Florida Statutes, in section 11 of chapter 2023-15, Laws of
474 Florida, section 627.428, Florida Statutes, is revived,
475 reenacted, and amended to read:

476 627.428 Attorney fees and costs.—

477 (1) Except as provided in subsection (4), upon the
478 rendition of a judgment or decree by any of the courts of this
479 state against an insurer and in favor of any named or omnibus
480 insured or the named beneficiary under a policy or contract
481 executed by the insurer, the trial court or, in the event of an
482 appeal in which the insured or beneficiary prevails, the
483 appellate court shall adjudge or decree against the insurer and
484 in favor of the insured or beneficiary a reasonable sum as fees
485 or compensation for the insured's or beneficiary's attorney
486 prosecuting the suit in which the recovery is had.

487 (2) As to suits based on claims arising under life
488 insurance policies or annuity contracts, no such attorney fees
489 shall be allowed if such suit was commenced prior to expiration
490 of 60 days after proof of the claim was duly filed with the
491 insurer.

492 (3) When so awarded, compensation or fees of the attorney
493 shall be included in the judgment or decree rendered in the

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494 case.

495 (4) In a suit arising under a residential or commercial
496 property insurance policy, there is no right to attorney fees
497 and costs, including public adjuster costs and costs related to
498 the adjustment of the loss, under this section unless the
499 insured or policyholder prevails in a lawsuit against an insurer
500 for underpayment, wrongful claim denial, or bad faith practices.

501 Section 12. Paragraph (a) of subsection (7) of section
502 627.70131, Florida Statutes, is amended to read:

503 627.70131 Insurer's duty to acknowledge communications
504 regarding claims; investigation.—

505 (7) (a) Within 30 60 days after an insurer receives notice
506 of an initial, reopened, or supplemental property insurance
507 claim from a policyholder, the insurer shall pay or deny such
508 claim or a portion of the claim unless the failure to pay or
509 deny is caused by factors beyond the insurer's control ~~of the~~
510 ~~insurer~~. The insurer shall provide a clear, written reasonable
511 ~~explanation in writing~~ to the policyholder which outlines the
512 ~~reasoning of the basis in the insurance policy, in relation to~~
513 ~~the facts or applicable law, for the payment, denial, or partial~~
514 ~~denial of the a claim, referencing relevant sections of the~~
515 ~~insurance policy or applicable facts or laws. Such explanation~~
516 ~~may not be solely a recitation of policy provisions without~~
517 ~~application of those provisions to the facts of the claim.~~ If
518 the insurer's claim payment is less than specified in any
519 insurer's detailed estimate of the amount of the loss, the
520 insurer must provide a reasonable explanation in writing of the
521 difference to the policyholder. Any payment for ~~of~~ an initial or
522 supplemental claim or portion of such claim made 60 days after

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523 the insurer receives notice of the claim, or made after the
524 expiration of any additional timeframe provided to pay or deny a
525 claim or a portion of a claim made pursuant to an order of the
526 office finding factors beyond the insurer's control of the
527 insurer, whichever is later, bears interest at the rate set
528 forth in s. 55.03. Interest begins to accrue from the date the
529 insurer receives notice of the claim. If the insurer fails to
530 pay the full amount owed on the claim within 90 days after the
531 insurer receives notice of the claim or within any extended
532 timeframe authorized by order of the office, the insurer has an
533 uncontestable obligation to pay the amount owed, together with
534 interest as provided in this subsection and an additional equal
535 interest penalty. The department may enforce such obligation.
536 The provisions of this subsection may not be waived, voided, or
537 nullified by the terms of the insurance policy. If there is a
538 right to prejudgment interest, the insured must select whether
539 to receive prejudgment interest or interest under this
540 subsection. Interest is payable when the claim or portion of the
541 claim is paid, even if the payment is contingent upon a release.
542 Failure to comply with this subsection constitutes a violation
543 of this code. However, failure to comply with this subsection
544 does not form the sole basis for a private cause of action.

545 Section 13. Section 627.70151, Florida Statutes, is amended
546 to read:

547 627.70151 Appraisal; conflicts of interest; costs.—

548 (1) An insurer that offers residential coverage as defined
549 in s. 627.4025, or a policyholder that uses an appraisal clause
550 in a property insurance contract to establish a process for
551 estimating or evaluating the amount of loss through the use of

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552 an impartial umpire, may challenge an umpire's impartiality and
553 disqualify the proposed umpire only if any of the following
554 conditions exists:

555 (a) (1) A familial relationship within the third degree
556 exists between the umpire and a party or a representative of a
557 party;

558 (b) (2) The umpire has previously represented a party in a
559 professional capacity in the same claim or matter involving the
560 same property;

561 (c) (3) The umpire has represented another person in a
562 professional capacity on the same or a substantially related
563 matter that includes the claim, the same property or an adjacent
564 property, and the other person's interests are materially
565 adverse to the interests of a party; or

566 (d) (4) The umpire has worked as an employer or employee of
567 a party within the preceding 5 years.

568 (2) The insurer must bear the reasonable cost of the
569 appraisal process under this section unless otherwise agreed by
570 the parties.

571 Section 14. This act shall take effect July 1, 2026.