

CHAPTER 2023-217

Committee Substitute for Committee Substitute for Committee Substitute for Senate Bill No. 418

An act relating to insurance; amending s. 327.54, F.S.; revising requirements relating to insurance for liveries that lease or rent or offer to lease or rent livery vessels; amending s. 624.4621, F.S.; specifying a qualification for a local governmental entity's representative on a self-insurer's governing body; amending s. 627.062, F.S.; authorizing residential property insurance rate filings to use a specified modeling indication; amending s. 627.0628, F.S.; revising membership requirements for specified members of the Florida Commission on Hurricane Loss Projection Methodology; amending s. 627.0629, F.S.; authorizing insurers to file with the Office of Insurance Regulation personal lines residential property insurance rating plans providing rate differentials based on certain windstorm mitigation construction standards; providing requirements for such plans; amending s. 627.0665, F.S.; revising the timeframe for advance notices from insurers to insureds of automatic bank withdrawal increases; specifying the increase threshold for such notices; amending s. 627.421, F.S.; revising the types of documents and kinds of insurance for which electronic transmission constitutes delivery to the insured or person entitled to delivery; deleting a requirement to include a certain notice to an insured electing to receive policy documents electronically; deleting a requirement to provide a paper copy of the policy upon request by such person; amending s. 627.701, F.S.; revising and specifying alternative hurricane deductible amounts for personal lines residential property insurance policies covering risks with specified dwelling limits; amending s. 627.712, F.S.; providing that a policyholder's written exclusion from residential windstorm coverage or contents coverage may be typed rather than handwritten; amending s. 627.7276, F.S.; revising the requirements for the notice of limited coverage under certain automobile policies; amending s. 634.041, F.S.; specifying the manner in which a contractual liability insurance policy of a service agreement company may pay claims; providing an effective date.

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

Section 1. Subsection (7) of section 327.54, Florida Statutes, is amended to read:

327.54 Liveries; safety regulations; penalty.—

(7) A livery may not lease or rent or offer to lease or rent any livery vessel unless the livery: first

(a) Obtains and carries in full force and effect a policy from a licensed insurance carrier in this state which insures the livery ~~and the renter~~ against any accident, loss, injury, property damage, or other casualty caused

by or resulting from the operation of the livery vessel. The insurance policy must provide coverage of at least \$500,000 per person and \$1 million per event. The livery shall have proof of such insurance available for inspection at the location where livery vessels are being leased or rented, or offered for lease or rent, and shall provide to each renter the insurance carrier's name and address and the insurance policy number; and

(b) Either:

1. Obtains and carries in full force and effect a policy from a licensed insurance carrier in this state which insures the renter in the same manner and amounts of the policy obtained by the livery under paragraph (a) and provides to each renter the insurance carrier's name and address and the insurance policy number; or

2. Presents the renter with the opportunity to purchase coverage which insures the renter against any accident, loss, injury, property damage, or other casualty caused by or resulting from the operation of the livery vessel of at least \$500,000 per person and \$1 million per event. If a renter chooses not to purchase the coverage, the livery must obtain a signed acknowledgement from the renter which includes an attestation as to whether the renter has a Florida boating safety identification card issued by the commission, a temporary certificate, or another form of boating certification authorized pursuant to s. 327.395, and that includes the following statement:

I UNDERSTAND THAT I AM REFUSING TO PURCHASE A VESSEL RENTAL INSURANCE POLICY FOR COVERAGE OF AT LEAST \$500,000 PER PERSON AND \$1 MILLION PER EVENT FOR ANY DAMAGE OR INJURIES CAUSED DIRECTLY OR INDIRECTLY BY MY OPERATION OF THE VESSEL.

THE VESSEL RENTAL INSURANCE POLICY COVERAGE IS BEING OFFERED TO ME AT THE FOLLOWING PRICE: [INSERT BINDABLE PRICE HERE OF INSURANCE BEING DECLINED].

I UNDERSTAND THAT I MAY NOT HAVE OTHER INSURANCE TO COVER ANY DAMAGE OR INJURIES CAUSED DIRECTLY OR INDIRECTLY BY MY OPERATION OF THE VESSEL AND THAT I MAY BE PERSONALLY LIABLE FOR ANY SUCH DAMAGE OR INJURIES DURING THE RENTAL PERIOD.

This subsection does not apply to human-powered vessels.

Section 2. Subsection (12) is added to section 624.4621, Florida Statutes, to read:

624.4621 Group self-insurance funds.—

(12) For any local governmental entity that is a member of a self-insurer established under this section, only an elected official of the local

governmental entity may be the local governmental entity’s representative on the self-insurer’s governing body.

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

627.062 Rate standards.—

(2) As to all such classes of insurance:

(j) With respect to residential property insurance rate filings, the rate filing:

1. Must account for mitigation measures undertaken by policyholders to reduce hurricane losses.

2. May use a modeling indication that is the weighted or straight average of two or more hurricane loss projection models found by the Florida Commission on Hurricane Loss Projection Methodology to be accurate or reliable pursuant to s. 627.0628.

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

Section 4. Paragraph (b) of subsection (2) of section 627.0628, Florida Statutes, is amended to read:

627.0628 Florida Commission on Hurricane Loss Projection Methodology; public records exemption; public meetings exemption.—

(2) COMMISSION CREATED.—

(b) The commission shall consist of the following 12 members:

1. The insurance consumer advocate.

2. The senior employee of the State Board of Administration responsible for operations of the Florida Hurricane Catastrophe Fund.

3. The Executive Director of the Citizens Property Insurance Corporation or the executive director’s designee. The executive director’s designee must be a full-time employee of the corporation and have actuarial science experience.

4. The Director of the Division of Emergency Management or the director’s designee. The director’s designee must be a full-time employee of the division.

5. The actuary member of the Florida Hurricane Catastrophe Fund Advisory Council.

6. An employee of the office who is an actuary responsible for property insurance rate filings and who is appointed by the director of the office.

7. Five members appointed by the Chief Financial Officer, as follows:

a. An actuary who is employed full time by a property and casualty insurer that was responsible for at least 1 percent of the aggregate statewide direct written premium for homeowner insurance in the calendar year preceding the member's appointment to the commission.

b. An expert in insurance finance who is a full-time member of the faculty of the State University System and who has a background in actuarial science.

c. An expert in statistics who is a full-time member of the faculty of the State University System and who has a background in insurance.

d. An expert in computer system design who is a full-time member of the faculty of the State University System.

e. An expert in meteorology who is a full-time member of the faculty of the State University System and who specializes in hurricanes.

8. A licensed professional structural engineer who is a full-time faculty member in the State University System and who has expertise in wind mitigation techniques. This appointment shall be made by the Governor.

Section 5. Subsection (9) is added to section 627.0629, Florida Statutes, to read:

627.0629 Residential property insurance; rate filings.—

(9) An insurer may file with the office a personal lines residential property insurance rating plan that provides justified premium discounts, credits, or other rate differentials based on windstorm mitigation construction standards developed by an independent, nonprofit scientific research organization, if such standards meet the requirements of this section. Such plan must describe the manner in which the insurer will document the existence of the mitigation features and premium discounts, credits, or other rate differentials created under such plan.

Section 6. Section 627.0665, Florida Statutes, is amended to read:

627.0665 Automatic bank withdrawal agreements; notification required. Any insurer licensed to issue insurance in the state who has an automatic bank withdrawal agreement with an insured party for the payment of insurance premiums for any type of insurance shall give the named insured at least ~~10~~ 15 days advance written notice of any increase in policy premiums which results in the next automatic bank withdrawal being increased by more than \$10. Such notice must be provided before ~~prior to~~ any automatic bank withdrawal containing the ~~of an~~ increased premium.

Section 7. Subsection (1) of section 627.421, Florida Statutes, is amended to read:

627.421 Delivery of policy.—

(1) Subject to the insurer's requirement as to payment of premium, every policy shall be mailed, delivered, or electronically transmitted to the insured or to the person entitled thereto not later than 60 days after the effectuation of coverage. Notwithstanding any other provision of law, an insurer may allow a policyholder of personal lines insurance to affirmatively elect delivery of the policy documents, including, but not limited to, policies, endorsements, notices, or documents, by electronic means in lieu of delivery by mail. Electronic transmission of a policy, related notices, and other documents for individual and group health insurance policies or certificates of coverage pursuant to parts VI and VII of this chapter, respectively; health maintenance contracts or certificates of coverage pursuant to part I of chapter 641; prepaid limited health service contracts pursuant to part I of chapter 636; and for commercial risks, including, but not limited to, workers' compensation and employers' liability, commercial automobile liability, commercial automobile physical damage, commercial lines residential property, commercial nonresidential property, farmowners insurance, and the types of commercial lines risks set forth in s. 627.062(3)(d), constitutes delivery to the insured or to the person entitled to delivery, unless the insured or the person entitled to delivery communicates to the insurer in writing or electronically that he or she does not agree to delivery by electronic means. ~~Electronic transmission shall include a notice to the insured or to the person entitled to delivery of a policy of his or her right to receive the policy via United States mail rather than via electronic transmission. A paper copy of the policy shall be provided to the insured or to the person entitled to delivery at his or her request.~~

Section 8. Paragraph (d) of subsection (3) of section 627.701, Florida Statutes, is amended, and paragraph (a) of that subsection is republished, to read:

627.701 Liability of insureds; coinsurance; deductibles.—

(3)(a) Except as otherwise provided in this subsection, prior to issuing a personal lines residential property insurance policy, the insurer must offer alternative deductible amounts applicable to hurricane losses equal to \$500, 2 percent, 5 percent, and 10 percent of the policy dwelling limits, unless the specific percentage deductible is less than \$500. The written notice of the offer shall specify the hurricane deductible to be applied in the event that the applicant or policyholder fails to affirmatively choose a hurricane deductible. The insurer must provide such policyholder with notice of the availability of the deductible amounts specified in this subsection in a form approved by the office in conjunction with each renewal of the policy. The failure to provide such notice constitutes a violation of this code but does not affect the coverage provided under the policy.

(d) For the following policies, the following alternative deductible amounts are authorized:

1. With respect to a policy covering a risk with dwelling limits of \$250,000 or more, the insurer need not offer the \$500 hurricane deductible as required by paragraph (a), but must, except as otherwise provided in this subsection, offer the other hurricane deductibles as required by paragraph (a).

2. With respect to a policy covering a risk with dwelling limits of \$1 million or more, but less than \$3 million, the insurer may, in lieu of offering the 2 percent deductible as required by paragraph (a), offer a deductible amount applicable to hurricane losses equal to 3 percent of the policy dwelling limits.

3. With respect to a policy covering a risk with dwelling limits of \$3 million or more, the insurer need not offer the 2 percent deductible as required by paragraph (a), but must, except as otherwise provided by this subsection, offer the other hurricane deductibles as required by paragraph (a).

Section 9. Paragraph (a) of subsection (2) and subsection (3) of section 627.712, Florida Statutes, are amended to read:

627.712 Residential windstorm coverage required; availability of exclusions for windstorm or contents.—

(2) A property insurer must make available, at the option of the policyholder, an exclusion of windstorm coverage.

(a) The coverage may be excluded only if:

1. When the policyholder is a natural person, the policyholder personally writes or types and provides to the insurer the following statement ~~in his or her own handwriting~~ and signs his or her name, which must also be signed by every other named insured on the policy, and dated: “I do not want the insurance on my (home/mobile home/condominium unit) to pay for damage from windstorms. I will pay those costs. My insurance will not.”

2. When the policyholder is other than a natural person, the policyholder provides to the insurer on the policyholder’s letterhead the following statement that must be signed by the policyholder’s authorized representative and dated: “...(Name of entity)... does not want the insurance on its ... (type of structure)... to pay for damage from windstorms. ...(Name of entity) ... will be responsible for these costs. ...(Name of entity’s)... insurance will not.”

(3) An insurer issuing a residential property insurance policy, except for a condominium unit owner policy or a tenant policy, must make available, at the option of the policyholder, an exclusion of coverage for the contents. The coverage may be excluded only if the policyholder personally writes or types

and provides to the insurer the following statement ~~in his or her own handwriting~~ and signs his or her signature, which must also be signed by every other named insured on the policy, and dated: “I do not want the insurance on my (home/mobile home) to pay for the costs to repair or replace any contents that are damaged. I will pay those costs. My insurance will not.”

Section 10. Section 627.7276, Florida Statutes, is amended to read:

627.7276 Notice of limited coverage.—

(1) An automobile policy that does not contain coverage for bodily injury and property damage must include a notice ~~be clearly stamped or printed to the effect~~ that such coverage is not included in the policy in the following manner:

“THIS POLICY DOES NOT PROVIDE BODILY INJURY AND PROPERTY DAMAGE LIABILITY INSURANCE OR ANY OTHER COVERAGE FOR WHICH A SPECIFIC PREMIUM CHARGE IS NOT MADE, AND DOES NOT COMPLY WITH ANY FINANCIAL RESPONSIBILITY LAW.”

(2) This notice legend ~~must appear on the policy declaration page and on the filing back of the policy~~ and be printed in bold type a contrasting color from that used on the policy and in type larger than the largest type used in the text thereof, as an overprint or by a rubber stamp impression.

Section 11. Paragraph (b) of subsection (8) of section 634.041, Florida Statutes, is amended to read:

634.041 Qualifications for license.—To qualify for and hold a license to issue service agreements in this state, a service agreement company must be in compliance with this part, with applicable rules of the commission, with related sections of the Florida Insurance Code, and with its charter powers and must comply with the following:

(8)

(b) A service agreement company does not have to establish and maintain an unearned premium reserve if it secures and maintains contractual liability insurance in accordance with the following:

1. Coverage of 100 percent of the claim exposure is obtained from an insurer approved by the office, which holds a certificate of authority under s. 624.401 to do business within this state, or secured through a risk retention group, which is authorized to do business within this state under s. 627.943 or s. 627.944. Such insurer or risk retention group must maintain a surplus as regards policyholders of at least \$15 million.

2. If the service agreement company does not meet its contractual obligations, the contractual liability insurance policy binds its issuer to pay or cause to be paid to the service agreement holder all legitimate claims and cancellation refunds for all service agreements issued by the service agreement company while the policy was in effect. This requirement also applies to those service agreements for which no premium has been remitted to the insurer.

3. If the issuer of the contractual liability policy is fulfilling the service agreements covered by the contractual liability policy and the service agreement holder cancels the service agreement, the issuer must make a full refund of unearned premium to the consumer, subject to the cancellation fee provisions of s. 634.121(3). The sales representative and agent must refund to the contractual liability policy issuer their unearned pro rata commission.

4. The policy may not be canceled, terminated, or nonrenewed by the insurer or the service agreement company unless a 90-day written notice thereof has been given to the office by the insurer before the date of the cancellation, termination, or nonrenewal.

5. The service agreement company must provide the office with the claims statistics.

6. A policy issued in compliance with this paragraph may either pay 100 percent of claims as they are incurred or pay 100 percent of claims due in the event of the failure of the service agreement company to pay such claims when due.

All funds or premiums remitted to an insurer by a motor vehicle service agreement company under this part shall remain in the care, custody, and control of the insurer and shall be counted as an asset of the insurer; provided, however, this requirement does not apply when the insurer and the motor vehicle service agreement company are affiliated companies and members of an insurance holding company system. If the motor vehicle service agreement company chooses to comply with this paragraph but also maintains a reserve to pay claims, such reserve shall only be considered an asset of the covered motor vehicle service agreement company and may not be simultaneously counted as an asset of any other entity.

Section 12. This act shall take effect July 1, 2023.

Approved by the Governor June 12, 2023.

Filed in Office Secretary of State June 12, 2023.