

**Property Insurance Legislation Highlights
For Special Session 2022 D**

Improving Affordability for Policyholders Through a New Program

- Authorizes \$2 billion for a new Reinsurance to Assist Policyholders (RAP) program for insurers. This reinsurance coverage is provided at no cost to the insurer.
 - This program allows insurers to obtain reimbursement for hurricane losses earlier than they normally would under the Florida Hurricane Catastrophe Fund.
 - Insurers that participate in RAP for 2022 must reduce their policyholder's rates by June 30, 2022, to reflect the savings from RAP. Insurers that defer using RAP until 2023 must reduce policyholder rates to reflect savings by May 1, 2023.
 - In the event coverage is not needed, undispersed funds revert back to State's General Revenue Fund.

Improving Accessibility & Protecting Policyholders from Nonrenewal

- Insurers may not refuse to write or renew policies on homes with roofs that are less than 15 years old solely because of the roof's age.
- For a roof that is at least 15 years old, insurers must allow homeowners to have a roof inspection before requiring the replacement of the roof as a condition of writing or renewing the homeowner's insurance policy.
- Insurers may not refuse to write or renew a homeowner's insurance policy solely because of the roof's age if an inspection shows that the roof has 5 years or more of useful life.
- If insurers want to inspect damage in person, insurers must send an adjuster within 45 days of a non-hurricane claim.

Preventing Fraud in Property Insurance Claims

- Limits Contingency Risk Multipliers: Limits attorney fee multipliers in property insurance litigation by only allowing them to be awarded in rare and exceptional circumstances.
- Eliminates Attorney Fee Awards in AOB: Eliminates attorney fee awards in litigation involving a property insurance claim that is assigned to a 3rd party (usually a contractor).
- Bans Attorney Fee Assignments: Bans transfers or assignment of the right to receive attorney fees in property insurance litigation.
- Bad Faith Reform: A policyholder may not prevail in a property insurance bad faith suit unless they establish that the property insurer breached the insurance contract.
- Roof Deductibles: Requires a roof deductible provision to be clear and unambiguous and allow the policyholder to opt-out of the separate roof deductible.
 - Allows property insurers to require a separate roof deductible (with an opt-out provision) that may not exceed the lesser of 2% of the policy dwelling limits or 50% of the roof replacement costs.

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- Policyholders who select a roof deductible must receive a premium credit or discount.
- The roof deductible does not apply to:
 - A total loss to the primary structure that is caused by a covered peril.
 - A loss caused by a hurricane.
 - A roof loss resulting from a tree fall or other hazard that damages the roof and punctures the roof deck.
 - A roof loss requiring repair of less than 50% of the roof.
- Requires policyholder disclosures that:
 - Prominently display the actual dollar value of the roof deductible at issuance and renewal on the declarations page.
 - Provide notice that a roof deductible may result in high out-of-pocket expenses to the policyholder on a separate page behind the declarations page.
- Specifies that when a roof deductible is applied, no other deductibles under the policy may be applied.
- Allows an insurer to limit payment on a roof claim to actual cash value until the policyholder pays the roof deductible.

Holding Insurers Accountable

- Analyzes Property Insurance Companies that Fail: Several Florida property insurers have failed in the last year alone, resulting in tens of thousands of canceled policies. Timely analysis and reporting are key to understanding how to prevent future failures. The bill:
 - Requires an analysis of why an insurer failed within 2 months after the insurer is referred to the Department of Financial Services (DFS) Division of Rehabilitation & Liquidation — not years after all the claims and the estate of the insurer are complete.
 - Requires DFS to review the Office of Insurance Regulation's (OIR) regulatory oversight related to the failed insurer.
- Strengthens OIR Regulatory Oversight:
 - Creates a new insurer stability unit to increase regulatory oversight.
 - Requires an investigation when consumer complaints suggest a trend in the marketplace rather than an isolated incident.
 - Requires referrals to the insurer stability unit when certain provisions of the Insurance Code are triggered.
 - Requires the review of causes of insolvency and a report of recommendations to prevent similar failures in the future.
 - Directs OIR to publish insurance information that is not a trade secret and any report that is not confidential on its website in a timely fashion.

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Creating More Consumer Choice on Roof Repairs

- Creates a statutory exception to the Florida Building Code so that roofs that are more than 25% damaged but already comply with the 2007 Florida Building Code may be repaired instead of being required to be replaced.

Transparency to Improve the Marketplace for Consumers

- Requires insurers to notify the policyholder that they may request a copy of any detailed estimate of the amount of the loss generated by an insurer's adjuster. After receiving the request, the insurer must send the detailed estimate to the policyholder within 7 days.
- Requires insurers to provide a reasonable explanation in writing to the policyholder of the basis for the payment, denial, or partial denial of a 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.
- Directs OIR to make publicly available information detailing the number of policies, amount of premium, number of cancellations, and other data for each property insurer on a statewide basis. Specifies such information is not a trade secret.

Curbing Unscrupulous Roof Claims by Enhancing Reforms in SB 76 (2021)

- Prohibits written contractors' solicitations that encourage consumers to make a property insurance claim for roof damage unless the solicitation provides notice that:
 - The consumer is responsible for the payment of any deductible.
 - It is insurance fraud punishable as a felony for a contractor to pay or waive an insurance deductible.
 - It is insurance fraud punishable as a felony to intentionally file an insurance claim containing false, fraudulent, or misleading information.

Home Hardening Grants to Help Floridians Make Safe Homes

- Effective July 1, appropriates \$150 million to provide hurricane mitigation inspections and matching grants to help Floridians afford home hardening improvements to their homestead single-family residences valued at \$500,000 or less.
- The program provides \$2 in grant funds for every \$1 provided by the homeowner. Applicants may receive up to \$10,000 in program money.
- Builds on the sales tax exemption on impact-resistant windows, doors, and garage doors that is now law.