A bill to be entitled

An act relating to hurricane mitigation grants and insurers' regulations; amending s. 215.5586, F.S.; revising legislative intent; specifying that hurricane mitigation grants funded through the My Safe Florida Home Program may be awarded only under certain circumstances; requiring the Department of Financial Services to require that certain mitigation improvements be made as a condition of reimbursing a homeowner approved for a grant; amending s. 624.4073, F.S.; specifying prohibitions for persons who were officers or directors of an insolvent insurer, officers or directors of a managing general agent of an insolvent insurer, attorneys in fact of an insolvent reciprocal insurer, or officers or directors of an attorney in fact of an insolvent reciprocal insurer; providing applicability; requiring the Office of Insurance Regulation to prohibit insurers or reciprocal insurers from paying any compensation to certain persons for certain violations until the violations are remedied; amending s. 627.062, F.S.; prohibiting the office from requesting insurers to waive deemed approvals for residential property insurance rate filings under certain circumstances; prohibiting the office from issuing notices of intent

to disapprove residential property insurance rate filings under certain circumstances; amending s. 627.4133, F.S.; prohibiting the nonrenewal of certain residential property insurance policies based solely on the filing of a claim; providing exceptions; authorizing premium increases under certain conditions; clarifying insurer authority to nonrenew for other lawful reasons; creating s. 627.4263, F.S.; defining terms; authorizing insurers to use algorithms, artificial intelligence systems, and machine learning systems to assist in processing claims; prohibiting the use of algorithms, artificial intelligence systems, and machine learning systems as the sole basis for denying claims or portions of claims; requiring that insurers' final decisions to deny claims or portions of claims be made by qualified human professionals; specifying the duties of qualified human professionals; requiring insurers to maintain certain records; requiring insurers to include certain information in claims denial communications to claimants; requiring that certain insurers detail specified information in claims-handling manuals; authorizing the office to conduct market conduct examinations, perform investigations, and use other lawful methods for a specified purpose;

providing an effective date.

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

Section 1. Section 215.5586, Florida Statutes, is amended to read:

215.5586 My Safe Florida Home Program.—There is established within the Department of Financial Services the My Safe Florida Home Program. The department shall provide fiscal accountability, contract management, and strategic leadership for the program, consistent with this section. This section does not create an entitlement for property owners or obligate the state in any way to fund the inspection or retrofitting of residential property in this state. Implementation of this program is subject to annual legislative appropriations. It is the intent of the Legislature that, subject to the availability of funds, the My Safe Florida Home Program provide licensed inspectors to perform hurricane mitigation inspections of eligible homes and grants to fund hurricane mitigation projects that result in property insurance credits, discounts, or other rate differentials on those homes. The department shall implement the program in such a manner that the total amount of funding requested by accepted applications, whether for inspections, grants, or other services or assistance, does not exceed the total amount of available funds. If, after

applications are processed and approved, funds remain available, the department may accept applications up to the available amount. The program shall develop and implement a comprehensive and coordinated approach for hurricane damage mitigation pursuant to the requirements provided in this section.

(1) HURRICANE MITIGATION INSPECTIONS.—

(a) To be eligible for a hurricane mitigation inspection under the program:

1. A home must be a single-family, detached residential property or a townhouse as defined in s. 481.203;

2. A home must be site-built and owner-occupied; and

3. The homeowner must have been granted a homestead exemption on the home under chapter 196.

(b)1. An application for a hurricane mitigation inspection must contain a signed or electronically verified statement made under penalty of perjury that the applicant has submitted only one inspection application on the home or that the application is allowed under subparagraph 2., and the application must have documents attached which demonstrate that the applicant meets the requirements of paragraph (a).

2. An applicant may submit a subsequent hurricane mitigation inspection application for the same home only if:

a. The original hurricane mitigation inspection application has been denied or withdrawn because of errors or omissions in the application;

b. The original hurricane mitigation inspection application was denied or withdrawn because the home did not meet the eligibility criteria for an inspection at the time of the previous application, and the homeowner reasonably believes the home now is eligible for an inspection; or

c. The program's eligibility requirements for an inspection have changed since the original application date, and the applicant reasonably believes the home is eligible under the new requirements.

(c) An applicant meeting the requirements of paragraph (a) may receive an inspection of a home under the program without being eligible for a grant under subsection (2) or applying for such grant.

(d) Licensed inspectors are to provide home inspections of eligible homes to determine what mitigation measures are needed, what insurance premium discounts may be available, and what improvements to existing residential properties are needed to reduce the property's vulnerability to hurricane damage. An inspector may inspect a townhouse as defined in s. 481.203 to determine if opening protection mitigation as listed in subparagraph (2)(e)1. would provide improvements to mitigate hurricane damage.

(e) The department shall contract with wind certification entities to provide hurricane mitigation inspections. The inspections provided to homeowners, at a minimum, must include:

1. A home inspection and report that summarizes the results and identifies recommended improvements a homeowner may take to mitigate hurricane damage.

2. A range of cost estimates regarding the recommended mitigation improvements.

3. Information regarding estimated premium discounts, correlated to the current mitigation features and the recommended mitigation improvements identified by the inspection.

(f) To qualify for selection by the department as a wind certification entity to provide hurricane mitigation inspections, the entity must, at a minimum, meet the following requirements:

1. Use hurricane mitigation inspectors who are licensed or certified as:

a. A building inspector under s. 468.607;

b. A general, building, or residential contractor under s. 489.111;

c. A professional engineer under s. 471.015;

d. A professional architect under s. 481.213; or

e. A home inspector under s. 468.8314 and who have completed at least 3 hours of hurricane mitigation training approved by the Construction Industry Licensing Board, which training must include hurricane mitigation techniques, compliance with the uniform mitigation verification form, and

completion of a proficiency exam.

2. Use hurricane mitigation inspectors who also have undergone drug testing and a background screening. The department may conduct criminal record checks of inspectors used by wind certification entities. Inspectors must submit a set of fingerprints to the department for state and national criminal history checks and must pay the fingerprint processing fee set forth in s. 624.501. The fingerprints must be sent by the department to the Department of Law Enforcement and forwarded to the Federal Bureau of Investigation for processing. The results must be returned to the department for screening. The fingerprints must be taken by a law enforcement agency, designated examination center, or other department-approved entity.

3. Provide a quality assurance program including a reinspection component.

(2) HURRICANE MITIGATION GRANTS.—Financial grants shall be used by homeowners to make improvements recommended by an inspection which increase resistance to hurricane damage.

(a) A homeowner is eligible for a hurricane mitigation grant if all of the following criteria are met:

1. The home must be eligible for an inspection under subsection (1).

2. The home must be a dwelling with an insured value of $700,000 or less. Homeowners who are low-income persons, as

defined in s. 420.0004(11), are exempt from this requirement.

3. The home must undergo an acceptable hurricane mitigation inspection as provided in subsection (1).

4. The building permit application for initial construction of the home must have been made before January 1, 2008.

5. The homeowner must agree to make his or her home available for inspection once a mitigation project is completed.

6. The homeowner must agree to provide to the department information received from the homeowner's insurer identifying the discounts realized by the homeowner because of the mitigation improvements funded through the program.

(b)1. An application for a grant must contain a signed or electronically verified statement made under penalty of perjury that the applicant has submitted only one grant application or that the application is allowed under subparagraph 2., and the application must have documents attached demonstrating that the applicant meets the requirements of paragraph (a).

2. An applicant may submit a subsequent grant application if:

a. The original grant application was denied or withdrawn because the application contained errors or omissions;

b. The original grant application was denied or withdrawn because the home did not meet the eligibility criteria for a grant at the time of the previous application, and the homeowner

reasonably believes that the home now is eligible for a grant; or

c. The program's eligibility requirements for a grant have changed since the original application date, and the applicant reasonably believes that he or she is an eligible homeowner under the new requirements.

3. A grant application must include a statement from the homeowner which contains the name and state license number of the contractor that the homeowner acknowledges as the intended contractor for the mitigation work. The program must electronically verify that the contractor's state license number is accurate and up to date before grant approval.

(c) All grants must be matched on the basis of $1 provided by the applicant for $2 provided by the state up to a maximum state contribution of $10,000 toward the actual cost of the mitigation project, except as provided in paragraph (h).

(d) All hurricane mitigation performed under the program must be based upon the securing of all required local permits and inspections and must be performed by properly licensed contractors.

(e) When recommended by a hurricane mitigation inspection, grants for eligible homes may be used for the following improvements:

1. Opening protection, including exterior doors, garage doors, windows, and skylights.

2. Reinforcing roof-to-wall connections.

3. Improving the strength of roof-deck attachments.

4. Secondary water resistance for roof.

(f) When recommended by a hurricane mitigation inspection, grants for townhouses, as defined in s. 481.203, may only be used for opening protection.

(g) A grant may be awarded only for each mitigation improvement that, when applied to the home, will result in a property insurance mitigation credit, discount, or other rate differential. If necessary for the home to qualify for a mitigation credit, discount, or other rate differential, the department must ~~may~~ require that improvements be made to all openings, including exterior doors, garage doors, windows, and skylights, as a condition of reimbursing a homeowner approved for a grant. The department may adopt, by rule, the maximum grant allowances for any improvement allowable under paragraph (e) or paragraph (f).

(h) Low-income homeowners, as defined in s. 420.0004(11), who otherwise meet the applicable requirements of this subsection are eligible for a grant of up to $10,000 and are not required to provide a matching amount to receive the grant.

(i)1. The department shall develop a process that ensures the most efficient means to collect and verify inspection applications and grant applications to determine eligibility. The department may direct hurricane mitigation inspectors to

collect and verify grant application information or use the Internet or other electronic means to collect information and determine eligibility.

2. The department shall prioritize the review and approval of such inspection applications and grant applications in the following order:

a. First, applications from low-income persons, as defined in s. 420.0004, who are at least 60 years old;

b. Second, applications from all other low-income persons, as defined in s. 420.0004;

c. Third, applications from moderate-income persons, as defined in s. 420.0004, who are at least 60 years old;

d. Fourth, applications from all other moderate-income persons, as defined in s. 420.0004; and

e. Last, all other applications.

3. The department shall start accepting inspection applications and grant applications no earlier than the effective date of a legislative appropriation funding inspections and grants, as follows:

a. Initially, from applicants prioritized under sub-subparagraph 2.a.;

b. From applicants prioritized under sub-subparagraph 2.b., beginning 15 days after the program initially starts accepting applications;

c. From applicants prioritized under sub-subparagraph

2.c., beginning 30 days after the program initially starts accepting applications;

d. From applicants described in sub-subparagraph 2.d., beginning 45 days after the program initially starts accepting applications; and

e. From all other applicants, beginning 60 days after the program initially starts accepting applications.

4. The program may accept a certification directly from a low-income homeowner or moderate-income homeowner who meets the requirements of s. 420.0004(11) or (12), respectively, if the homeowner provides such certification in a signed or electronically verified statement made under penalty of perjury.

(j) A homeowner who receives a grant shall finalize construction and request a final inspection, or request an extension for an additional 6 months, within 1 year after grant approval. If a homeowner fails to comply with this paragraph, his or her application is deemed abandoned and the grant money reverts to the department.

(3) REQUESTS FOR INFORMATION.—The department may request that an applicant provide additional information. An application is deemed withdrawn by the applicant if the department does not receive a response to its request for additional information within 60 days after the notification of any apparent error or omission.

(4) EDUCATION, CONSUMER AWARENESS, AND OUTREACH.—

(a) The department may undertake a statewide multimedia public outreach and advertising campaign to inform consumers of the availability and benefits of hurricane inspections and of the safety and financial benefits of residential hurricane damage mitigation. The department may seek out and use local, state, federal, and private funds to support the campaign.

(b) The program may develop brochures for distribution to Citizens Property Insurance Corporation and other licensed entities or nonprofits that work with the department to educate the public on the benefits of the program. Citizens Property Insurance Corporation must distribute the brochure to policyholders of the corporation each year the program is funded. The brochures may be made available electronically.

(5) FUNDING.—The department may seek out and leverage local, state, federal, or private funds to enhance the financial resources of the program.

(6) RULES.—The department shall adopt rules pursuant to ss. 120.536(1) and 120.54 to govern the program; implement the provisions of this section; including rules governing hurricane mitigation inspections and grants, mitigation contractors, and training of inspectors and contractors; and carry out the duties of the department under this section.

(7) HURRICANE MITIGATION INSPECTOR LIST.—The department shall develop and maintain as a public record a current list of hurricane mitigation inspectors authorized to conduct hurricane

mitigation inspections pursuant to this section.

(8) CONTRACT MANAGEMENT.—

(a) The department may contract with third parties for grants management, inspection services, contractor services for low-income homeowners, information technology, educational outreach, and auditing services. Such contracts are considered direct costs of the program and are not subject to administrative cost limits. The department shall contract with providers that have a demonstrated record of successful business operations in areas directly related to the services to be provided and shall ensure the highest accountability for use of state funds, consistent with this section.

(b) The department shall implement a quality assurance and reinspection program that determines whether initial inspections and home improvements are completed in a manner consistent with the intent of the program. The department may use valid random sampling in order to perform the quality assurance portion of the program.

(9) INTENT.—It is the intent of the Legislature that grants made to residential property owners under this section shall be considered disaster-relief assistance within the meaning of s. 139 of the Internal Revenue Code of 1986, as amended.

(10) REPORTS.—The department shall make an annual report on the activities of the program that shall account for the use

of state funds and indicate the number of inspections requested, the number of inspections performed, the number of grant applications received, the number and value of grants approved, and the estimated average annual amount of insurance premium discounts and total estimated annual amount of insurance premium discounts homeowners received from insurers as a result of mitigation funded through the program. The report must be delivered to the President of the Senate and the Speaker of the House of Representatives by February 1 of each year.

Section 2. Section 624.4073, Florida Statutes, is amended to read:

624.4073 Officers and directors or attorneys in fact of insolvent insurers.—

(1) Any person who was an officer or director of an insurer doing business in this state and who served in that capacity within the 2-year period before the date the insurer became insolvent, for any insolvency that occurs on or after July 1, 2002, but before July 1, 2025, may not thereafter serve as an officer or director of an insurer authorized in this state or have direct or indirect control over the selection or appointment of an officer or director through contract, trust, or by operation of law~~, unless the officer or director demonstrates that his or her personal actions or omissions were not a significant contributing cause to the insolvency~~.

(2) Any person who was an officer or director of an

insurer doing business in this state, was the attorney in fact of a reciprocal insurer doing business in this state, or was an officer or director of an attorney in fact of a reciprocal insurer doing business in this state and who served in that capacity within the 5-year period before the date such insurer or reciprocal insurer became insolvent, for any insolvency that occurs on or after July 1, 2025, may not thereafter do any of the following:

(a) Serve as an officer or a director of an insurer authorized in this state.

(b) Serve as an officer or a director of a managing general agent of an insurer authorized in this state.

(c) Serve as an attorney in fact or as an officer or a director of the attorney in fact of a reciprocal insurer authorized in this state.

(d) Serve as an officer or a director of an affiliate of an insurer authorized in this state which provides services to such insurer.

(e) Exercise direct or indirect control through contract, trust, or by operation of law over the selection or appointment of any position specified in paragraphs (a)-(d).

(3)(a) The prohibitions in subsections (1) and (2) do not apply if the officer, director, or attorney in fact demonstrates, and the office determines, that his or her personal actions or omissions were not a significant

contributing cause to the insolvency.

(b) For any violation of paragraph (2)(b), paragraph (2)(c), or paragraph (2)(d), the office shall prohibit an insurer or reciprocal insurer authorized in this state from paying any compensation to a managing general agent, affiliate, or attorney in fact that has an officer or director or is an attorney in fact that engaged in such violation until the office determines the violation has been remedied.

Section 3. Paragraph (a) 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:

(a) Insurers or rating organizations shall establish and use rates, rating schedules, or rating manuals that allow the insurer a reasonable rate of return on the classes of insurance written in this state. A copy of rates, rating schedules, rating manuals, premium credits or discount schedules, and surcharge schedules, and changes thereto, must be filed with the office under one of the following procedures:

1. If the filing is made at least 90 days before the proposed effective date and is not implemented during the office's review of the filing and any proceeding and judicial review, such filing is considered a "file and use" filing. In such case, the office shall finalize its review by issuance of a notice of intent to approve or a notice of intent to disapprove

within 90 days after receipt of the filing. If the 90-day period ends on a weekend or a holiday under s. 110.117(1)(a)-(i), it must be extended until the conclusion of the next business day. The notice of intent to approve and the notice of intent to disapprove constitute agency action for purposes of the Administrative Procedure Act. Requests for supporting information, requests for mathematical or mechanical corrections, or notifications ~~notification~~ to the insurer by the office of its preliminary findings do ~~does~~ not toll the 90-day period during any such proceedings and subsequent judicial review. The rate is ~~shall be~~ deemed approved if the office does not issue a notice of intent to approve or a notice of intent to disapprove within 90 days after receipt of the filing. The office may not request that an insurer waive such deemed approval for any residential property insurance rate filing in which the insurer proposes a rate decrease, provided that the decrease is not solely due to a reduction in coverage or a change to a policy form. The office may not issue a notice of intent to disapprove a residential property insurance rate filing in which the insurer proposes a rate decrease unless the office has completed a finalized review.

2. If the filing is not made in accordance with subparagraph 1., such filing must be made as soon as practicable, but within 30 days after the effective date, and is considered a "use and file" filing. An insurer making a "use and

file" filing is potentially subject to an order by the office to return to policyholders those portions of rates found to be excessive, as provided in paragraph (h).

3. For all property insurance filings made or submitted after January 25, 2007, but before May 1, 2012, an insurer seeking a rate that is greater than the rate most recently approved by the office shall make a "file and use" filing. For purposes of this subparagraph, motor vehicle collision and comprehensive coverages are not considered property coverages.

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

Section 4. Subsection (9) is added to section 627.4133, Florida Statutes, to read:

627.4133 Notice of cancellation, nonrenewal, or renewal premium.—

(9)(a) An insurer is prohibited from nonrenewing a residential property insurance policy solely due to the filing of a claim if the policyholder meets all of the following conditions:

1. The policyholder has maintained continuous coverage with the insurer for at least five consecutive years immediately preceding the date of renewal; and

2. The policyholder has not filed a claim under the policy

in the five consecutive years immediately preceding the date of renewal.

(b) If a policyholder who meets the conditions in paragraphs (a) files a claim, the insurer must offer to renew the policy at the subsequent policy renewal following the claim, and the policy must contain policy terms similar to the policy being renewed unless the insurer has updated approved forms that will apply to all insureds with the same endorsement.

(c) This subsection does not apply if:

1. The nonrenewal is part of a risk mitigation or exposure reduction plan that has been approved by the office. The office may approve a plan that is supported by actuarial justification and designed to reduce the insurer's concentration of risk in specific geographic areas, including but not limited to coastal or flood-prone regions; or

2. The policyholder elects to not renew the policy.

3. The policyholder was issued a notice of nonrenewal prior to the date a claim was filed.

(d) An insurer may increase the premium for a policy that is continued in force in accordance with this subsection. However, any annual increase may not exceed 20 percent unless the increase is based on a rate filing approved by the office under this chapter.

(e) This subsection does not affect an insurer's authority to nonrenew a policy for any lawful reason permitted under this

chapter.

Section 5. Section 627.4263, Florida Statutes, is created to read:

627.4263 Use of algorithms, artificial intelligence systems, and machine learning systems in claims handling.—

(1) As used in this section:

(a) "Algorithm" means a clearly specified mathematical process for computation which uses rules designed to give prescribed results.

(b) "Artificial intelligence system" means a machine-based system that may have varying levels of autonomy and that can, for a given set of objectives, generate outputs such as predictions, recommendations, content, or other outputs influencing decisions made in real or virtual environments.

(c) "Machine learning system" means an artificial intelligence system that has the ability to learn from provided data without being explicitly programmed.

(d) "Qualified human professional" means an individual who, under the Florida Insurance Code, has authority to adjust or deny a claim or a portion of a claim and has such authority over a particular claim.

(2) An insurer may use an algorithm, artificial intelligence system, or machine learning system to assist in processing claims, including generating recommendations to approve or deny a claim or a portion of a claim.

(3) A claim or a portion of a claim may not be denied solely on the basis of output from an algorithm, artificial intelligence system, or machine learning system. A final decision to deny a claim or a portion of a claim must be made and documented by a qualified human professional.

(4) Before denying a claim or a portion of a claim, a qualified human professional must do all of the following:

(a) Independently analyze the facts of the claim and the terms of the applicable insurance policy.

(b) Review and verify the accuracy of any outputs or recommendations produced by any algorithm, artificial intelligence system, or machine learning system used in the claims process.

(c) Conduct any required internal review of a prior claim adjustment or decision.

(5) An insurer must maintain detailed records related to each claim denial, including all of the following:

(a) The name and title of the qualified human professional who made the denial decision and of any qualified human professional who reviewed the decision.

(b) The date and time of the claim denial and of any review.

(c) Documentation of the basis for denial of the claim or a portion of the claim.

(6) A written communication to a claimant concerning the

denial of a claim or a portion of a claim must meet both of the following requirements:

(a) Clearly identify the qualified human professional responsible for the denial decision.

(b) Include a statement affirming that the claim or a portion of the claim was not denied solely based on the output of an algorithm, artificial intelligence system, or machine learning system.

(7) An insurer that uses an algorithm, artificial intelligence system, or machine learning system as part of its claims-handling process must detail in its claims-handling manual the manner in which such systems are used and the manner in which the insurer complies with this section.

(8) The office may perform market conduct examinations, perform investigations, or use any other lawful method necessary to verify compliance with this section.

Section 6. This act shall take effect July 1, 2025.