

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative Corcoran offered the following:

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3 **Substitute Amendment for Amendment (399523) (with title**
4 **amendment)**

5 Remove lines 1712-1759 and insert:

6 Section 12. Subsection (5) of section 627.707, Florida
7 Statutes, is amended to read:

8 627.707 Investigation of sinkhole claims; insurer payment;
9 nonrenewals.—Upon receipt of a claim for a sinkhole loss to a
10 covered building, an insurer must meet the following standards
11 in investigating a claim:

12 (5) If a sinkhole loss is verified, the insurer shall pay
13 to stabilize the land and building and repair the foundation in
14 accordance with the recommendations of the professional engineer
15 retained pursuant to subsection (2), with notice to the
16 policyholder, subject to the coverage and terms of the policy.

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17 The insurer shall pay for other repairs to the structure and
18 contents in accordance with the terms of the policy. If a
19 covered building suffers a sinkhole loss or a catastrophic
20 ground cover collapse, the insured must repair such damage or
21 loss in accordance with the insurer's professional engineer's
22 recommended repairs and may use underpinning or grouting,
23 whichever is least expensive if the insurer's professional
24 engineer determines that the repair cannot be completed within
25 policy limits. ~~However, if the insurer's professional engineer~~
26 ~~determines that the repair cannot be completed within policy~~
27 ~~limits, the insurer must pay to complete the repairs recommended~~
28 ~~by the insurer's professional engineer or tender the policy~~
29 ~~limits to the policyholder.~~

30 (a) The insurer may limit its total claims payment to the
31 actual cash value of the sinkhole loss, which does not include
32 underpinning or grouting or any other repair technique performed
33 below the existing foundation of the building, until the
34 policyholder enters into a contract for the performance of
35 building stabilization or foundation repairs in accordance with
36 the recommendations set forth in the insurer's report issued
37 pursuant to s. 627.7073.

38 (b) In order to prevent additional damage to the building
39 or structure, the policyholder must enter into a contract for
40 the performance of building stabilization and foundation repairs
41 within 90 days after the insurance company confirms coverage for
42 the sinkhole loss and notifies the policyholder of such
43 confirmation. This time period is tolled if either party invokes

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44 the neutral evaluation process, and begins again 10 days after
45 the conclusion of the neutral evaluation process.

46 (c) After the policyholder enters into the contract for
47 the performance of building stabilization and foundation
48 repairs, the insurer shall pay the amounts necessary to begin
49 and perform such repairs as the work is performed and the
50 expenses are incurred. The insurer may not require the
51 policyholder to advance payment for such repairs. If repair
52 covered by a personal lines residential property insurance
53 policy has begun and the professional engineer selected or
54 approved by the insurer determines that the repair cannot be
55 completed within the policy limits, the insurer must complete
56 the professional engineer's recommended repair or tender the
57 policy limits to the policyholder without a reduction for the
58 repair expenses incurred.

59 (d) The stabilization and all other repairs to the
60 structure and contents must be completed within 12 months after
61 entering into the contract for repairs described in paragraph
62 (b) unless:

63 1. There is a mutual agreement between the insurer and the
64 policyholder;

65 2. The claim is involved with the neutral evaluation
66 process;

67 3. The claim is in litigation; or

68 4. The claim is under appraisal or mediation.

69 (e) Upon the insurer's obtaining the written approval of
70 any lienholder, the insurer may make payment directly to the
71 persons selected by the policyholder to perform the land and
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72 building stabilization and foundation repairs. The decision by
73 the insurer to make payment to such persons does not hold the
74 insurer liable for the work performed.

75 (f) The policyholder may not accept a rebate from any
76 person performing the repairs specified in this section. If a
77 policyholder receives ~~does receive~~ a rebate, coverage is void
78 and the policyholder must refund the amount of the rebate to the
79 insurer. Any person performing ~~making~~ the repairs specified in
80 this section who offers a rebate commits insurance fraud
81 punishable as a third degree felony as provided in s. 775.082,
82 s. 775.083, or s. 775.084. As used in this paragraph, the term
83 "rebate" means a remuneration, payment, gift, discount, or
84 transfer of any item of value to the policyholder by or on
85 behalf of a person performing the repairs specified in this
86 section as an incentive or inducement to obtain repairs
87 performed by that person.

88 Section 13. Subsection (2) of section 627.7073, Florida
89 Statutes, is amended to read:

90 627.7073 Sinkhole reports.—

91 (2) An insurer that has paid a claim for a sinkhole loss
92 shall file a copy of the report and certification, prepared
93 pursuant to subsection (1), including the legal description of
94 the real property and the name of the property owner, the
95 neutral evaluator's report, if any, which indicates that
96 sinkhole activity caused the damage claimed, a copy of the
97 certification indicating that stabilization has been completed,
98 if applicable, and the amount of the payment, with the county
99 clerk of court, who shall record the report and certification.

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100 The insurer shall bear the cost of filing and recording one or
101 more reports and certifications. If an insurer fails to file a
102 copy of the report within 30 days after payment of a sinkhole
103 claim, a \$25 penalty shall be assessed for each day beyond the
104 30th day that the insurer was determined to be in noncompliance
105 with this section until the insurer is in compliance, which
106 shall be payable to the clerk of the court. ~~There shall be no~~
107 ~~cause of action or liability against an insurer for compliance~~
108 ~~with this section.~~

109 (a) The recording of the report and certification does
110 not:

111 1. Constitute a lien, encumbrance, or restriction on the
112 title to the real property or constitute a defect in the title
113 to the real property;

114 2. Create any cause of action or liability against any
115 grantor of the real property for breach of any warranty of good
116 title or warranty against encumbrances; or

117 3. Create any cause of action or liability against any
118 title insurer that insures the title to the real property.

119 (b) As a precondition to accepting payment for a sinkhole
120 loss, the policyholder must file a copy of any sinkhole report
121 regarding the insured property which was prepared on behalf or
122 at the request of the policyholder. The policyholder shall bear
123 the cost of filing and recording the sinkhole report. The
124 recording of the report does not:

125 1. Constitute a lien, encumbrance, or restriction on the
126 title to the real property or constitute a defect in the title
127 to the real property;

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128 2. Create any cause of action or liability against any
129 grantor of the real property for breach of any warranty of good
130 title or warranty against encumbrances; or

131 3. Create any cause of action or liability against a title
132 insurer that insures the title to the real property.

133 (c) The seller of real property upon which a sinkhole
134 claim has been made by the seller and paid by the insurer must
135 disclose to the buyer of such property, before the closing, that
136 a claim has been paid and whether or not the full amount of the
137 proceeds was used to repair the sinkhole damage.

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T I T L E A M E N D M E N T

142 Remove line 47 and insert:

143 F.S.; revising the standards an insurer is required to
144 meet in investigating a sinkhole claim; providing a
145 definition; amending s. 627.7073, F.S.; providing a
146 penalty for noncompliance with certain sinkhole
147 reporting requirements; amending s. 627.7295,
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