

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 1433 (2025)

Amendment No.1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED ☐ (Y/N)

ADOPTED AS AMENDED ☐ (Y/N)

ADOPTED W/O OBJECTION ☐ (Y/N)

FAILED TO ADOPT ☐ (Y/N)

WITHDRAWN ☐ (Y/N)

OTHER ☐

Committee/Subcommittee hearing bill: Insurance & Banking
Subcommittee

Representative Benarroch offered the following:

Amendment (with title amendment)

Between lines 456 and 457, insert:

**Section 5. 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

Amendment No.1

16 schedules, and changes thereto, must be filed with the office
17 under one of the following procedures:

18 1. If the filing is made at least 90 days before the
19 proposed effective date and is not implemented during the
20 office's review of the filing and any proceeding and judicial
21 review, such filing is considered a "file and use" filing. In
22 such case, the office shall finalize its review by issuance of a
23 notice of intent to approve or a notice of intent to disapprove
24 within 90 days after receipt of the filing. If the 90-day period
25 ends on a weekend or a holiday under s. 110.117(1)(a)-(i), it
26 must be extended until the conclusion of the next business day.
27 The notice of intent to approve and the notice of intent to
28 disapprove constitute agency action for purposes of the
29 Administrative Procedure Act. Requests for supporting
30 information, requests for mathematical or mechanical
31 corrections, or notifications ~~notification~~ to the insurer by the
32 office of its preliminary findings do ~~does~~ not toll the 90-day
33 period during any such proceedings and subsequent judicial
34 review. The rate is ~~shall be~~ deemed approved if the office does
35 not issue a notice of intent to approve or a notice of intent to
36 disapprove within 90 days after receipt of the filing. The
37 office may not request that an insurer waive such deemed
38 approval for any residential property insurance rate filing in
39 which the insurer proposes a rate decrease, provided that the
40 decrease is not solely due to a reduction in coverage or changes

Amendment No.1

41 to policy forms. The office may not issue a notice of intent to
42 disapprove a residential property insurance rate filing in which
43 the insurer proposes a rate decrease unless it has completed a
44 finalized review.

45 2. If the filing is not made in accordance with
46 subparagraph 1., such filing must be made as soon as
47 practicable, but within 30 days after the effective date, and is
48 considered a "use and file" filing. An insurer making a "use and
49 file" filing is potentially subject to an order by the office to
50 return to policyholders those portions of rates found to be
51 excessive, as provided in paragraph (h).

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

58
59 The provisions of this subsection do not apply to workers'
60 compensation, employer's liability insurance, and motor vehicle
61 insurance.

62 **Section 6. Section 627.4263, Florida Statutes, is created**
63 **to read:**

64 627.4263 Use of algorithms, artificial intelligence
65 systems, and machine learning systems in claims handling.-

Amendment No.1

66 (1) As used in this section:

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

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

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

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

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

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

Amendment No.1

91 (4) Before denying a claim or any portion of a claim, a
92 qualified human professional must:

93 (a) Independently analyze the facts of the claim and the
94 terms of the applicable insurance policy;

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

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

101 (5) An insurer must maintain detailed records related to
102 each claim denial, including:

103 (a) The name and title of the qualified human professional
104 who made the denial decision and of any qualified human
105 professional who reviewed the decision;

106 (b) The date and time of the claim denial and of any
107 review; and

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

110 (6) Any written communication to a claimant concerning the
111 denial of a claim or any portion thereof must:

112 (a) Clearly identify the qualified human professional
113 responsible for the denial decision;

114 (b) Include a statement affirming that the claim or any
115 portion thereof was not denied solely based on the output of an

Amendment No.1

algorithm, artificial intelligence system, or machine learning system.

(7) An insurer that uses an algorithm, an artificial intelligence system, or a 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.

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

Remove line 25 and insert:

violations are remedied; amending s. 627.062, F.S.; prohibiting the office from requesting an insurer waive a deemed approval for residential property insurance rate filing under certain circumstances; prohibiting the office from issuing a notice of intent to disapprove a residential property insurance rate filing under certain circumstances; creating s. 627.4263, F.S.; defining terms; requiring that insurers' decisions to deny claims be made by qualified human professionals; specifying the duties of qualified human professionals; requiring an insurer

Amendment No.1

141 to maintain certain records; prohibiting using
142 artificial intelligence, machine learning systems, or
143 algorithms as the sole basis for determining whether
144 to deny a claim; requiring insurers to include certain
145 information in denial communications to claimants;
146 requiring that certain insurers detail certain
147 information in its claims handling manual; authorizing
148 the office to conduct market conduct examinations and
149 investigations under certain circumstances; providing
150 an effective date.