A bill to be entitled

An act relating to resolution of disputed property insurance claims; amending s. 627.7015, F.S.; requiring, rather than authorizing, parties in a property insurance claim dispute to participate in mediation; providing that mediation is a condition precedent to commencing litigation; deleting provisions relating to the eligibility of claims for mediation; providing that the parties may mutually agree to conduct the mediation by teleconference or other electronic means; requiring all insureds, or their representatives, to attend the mediation; revising and specifying duties relating to bearing certain costs of mediation; requiring, rather than authorizing, the Department of Financial Services to adopt certain rules; authorizing the department to adopt certain emergency rules; requiring the policyholder to provide the insurer with any information and certain documents within a specified timeframe after mediation is invoked; revising conditions under which a policyholder has a certain timeframe to rescind a settlement; revising the definition of the term "claim"; providing construction; amending s. 627.7074, F.S.; conforming a provision to changes made by the act; providing an appropriation; providing effective dates.

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

Section 1. Section 627.7015, Florida Statutes, is amended to read:

627.7015 Mandatory mediation ~~Alternative procedure~~ for resolution of disputed property insurance claims.—

(1) This section sets forth a nonadversarial ~~alternative~~ dispute resolution procedure for a mediated claim resolution conference prompted by the need for effective, fair, and timely handling of property insurance claims. There is a particular need for an informal, nonthreatening forum for helping parties ~~who elect this procedure to~~ resolve their claims disputes because most homeowner and commercial residential insurance policies obligate policyholders to participate in a potentially expensive and time-consuming adversarial appraisal process before litigation. The procedure set forth in this section is designed to bring the parties together for a mediated claims settlement conference without any of the trappings or drawbacks of an adversarial process. Before participating in ~~resorting to~~ these procedures, policyholders and insurers are encouraged to resolve claims as quickly and fairly as possible. This section applies ~~is available with respect~~ to claims under personal lines and commercial residential policies before commencing the

appraisal process, and mediation under this section is a condition precedent to ~~or before~~ commencing litigation. ~~Mediation may be requested only by the policyholder, as a first-party claimant, a third-party, as an assignee of the policy benefits, or the insurer. However,~~ An insurer is not required to participate in any mediation requested by a third-party assignee of the policy benefits. ~~If requested by the policyholder,~~ Participation by legal counsel is permitted. Mediation under this section is also required of ~~available to~~ litigants referred to the department by a county court or circuit court. This section does not apply to commercial coverages, to private passenger motor vehicle insurance coverages, or to disputes relating to liability coverages in policies of property insurance.

(2) At the time of issuance and renewal of a policy or at the time a first-party claim within the scope of this section is filed by the policyholder, the insurer shall notify the policyholder of ~~its right to participate in~~ the mandatory mediation program under this section. ~~A claim becomes eligible for mediation after the insurer complies with s. 627.70131(7) or elects to reinspect pursuant to s. 627.70152(4)(a)3. If the insurer has not complied with s. 627.70131(7) or elected to reinspect pursuant to s. 627.70152(4)(a)3. within 90 days after notice of the loss, the insurer may not require mediation under this section. This subsection does not impair the right of an~~

~~insurance company to request mediation after a determination of coverage pursuant to this section or require appraisal or another method of alternative dispute resolution pursuant to s. 627.70152(4)(b).~~ The department shall prepare a consumer information pamphlet for distribution to persons participating in mediation.

(3) If the parties mutually agree, mediation may be conducted by teleconference or other electronic means in lieu of appearing in person. All named insureds, or their representatives, must attend the mediation, regardless of how it is conducted. The costs of mediation must be reasonable, and the insurer must bear all of the cost of conducting mediation conferences, except as otherwise provided in this section. If a named insured or his or her representative ~~policyholder~~ fails to appear at the conference, thus preventing the mediation from proceeding, the conference must be rescheduled upon the policyholder's payment of the costs of a rescheduled conference. If the insurer fails to appear at the conference, the insurer must pay the policyholder's actual cash expenses incurred in attending the conference if the insurer's failure to attend was not due to a good cause acceptable to the department. An insurer is ~~will be~~ deemed to have failed to appear if the insurer's representative lacks authority to settle the full value of the claim. The insurer shall incur an additional fee for a rescheduled conference necessitated by the insurer's failure to

appear at a scheduled conference. The fees assessed by the department must include a charge necessary to defray the expenses of the department related to its duties under this section and must be deposited in the Insurance Regulatory Trust Fund. The department may suspend the insurer's authority to appoint licensees if the insurer does not timely pay the required fees. If a party elects to request an expert or a representative to attend the mediation, that party must bear any costs for the attendance of the expert or representative.

(4) The department shall adopt by rule a property insurance mediation program to be administered by the department or its designee. The department shall ~~may~~ also adopt special rules that ~~which~~ are applicable in cases of an emergency within this ~~the~~ state, including emergency rules as necessary to establish physical addresses for the mediation program in areas affected by natural disasters. The rules shall be modeled after practices and procedures set forth in mediation rules of procedure adopted by the Supreme Court. The rules shall provide for:

(a) Reasonable requirements ~~requirement~~ for processing and scheduling of requests for mediation.

(b) Qualifications for and~~,~~ denial of application, and suspension and~~,~~ revocation of its approval, and other penalties for mediators as provided in s. 627.745 and the Florida Rules for Certified and Court-Appointed Mediators.

(c) Provisions governing who may attend mediation conferences.

(d) Selection of mediators.

(e) Criteria for the conduct of mediation conferences.

(f) Right to legal counsel.

(5)(a) All statements made and documents produced at a mediation conference shall be deemed to be settlement negotiations in anticipation of litigation within the scope of s. 90.408. All parties to the mediation must negotiate in good faith and must have the authority to immediately settle the claim. Mediators are deemed to be agents of the department and shall have the immunity from suit provided in s. 44.107.

(b) Within 10 days after mediation is invoked, the policyholder must provide to the insurer any information and supporting documents that serve as the basis for the claim.

(6)(a) Mediation is nonbinding; however, if a written settlement is reached and the policyholder is not represented by an attorney or a public adjuster, the policyholder has 3 business days within which the policyholder may rescind the settlement unless the policyholder has cashed or deposited any check or draft disbursed to the policyholder for the disputed matters as a result of the conference. If a settlement agreement is reached and is not rescinded, it is binding and acts as a release of all specific claims that were presented in that mediation conference.

(b) At the conclusion of the mediation, the mediator shall provide a written report of the results of mediation, including any settlement amount, to the insurer, the policyholder, and the policyholder's representative if the policyholder is represented at the mediation.

(7) If the insurer fails to comply with subsection (2) by failing to notify a policyholder of ~~its right to participate in~~ the mandatory mediation program under this section or if ~~the insurer requests the mediation, and~~ the mediation results are rejected by either party, the policyholder is not required to submit to or participate in any contractual loss appraisal process of the property loss damage as a precondition to legal action for breach of contract against the insurer for its failure to pay the policyholder's claims covered by the policy.

(8) The department may designate an entity or person to serve as administrator to carry out any of the provisions of this section and may take this action by means of a written contract or agreement.

(9) For purposes of this section, the term "claim" refers to any dispute between an insurer and a policyholder relating to a material issue of fact other than a dispute:

(a) With respect to which the insurer has a reasonable basis to suspect fraud;

(b) When the insurer has determined~~, based on agreed-upon facts as to the cause of loss,~~ there is no coverage under the policy;

(c) With respect to which the insurer has a reasonable basis to believe that the policyholder has intentionally made a material misrepresentation of fact which is relevant to the claim, and the entire request for payment of a loss has been denied on the basis of the material misrepresentation;

(d) With respect to which the amount in controversy is less than $500, unless the parties agree to mediate a dispute involving a lesser amount; or

(e) With respect to a loss that does not comply with s. 627.70132.

(10) Participation in mediation under this section before the policyholder's filing of a notice under s. 627.70152 does not prohibit or waive an insurer's right to invoke and participate in mediation under this section in response to the notice.

Section 2. Subsection (3) of section 627.7074, Florida Statutes, is amended to read:

627.7074 Alternative procedure for resolution of disputed sinkhole insurance claims.—

(3) If there is coverage available under the policy and the claim was submitted within the timeframe provided in s. 627.706(5), following the receipt of the report provided under s. 627.7073 or the denial of a claim for a sinkhole loss, the insurer shall notify the policyholder of his or her right to

participate in the neutral evaluation program under this section. Neutral evaluation supersedes the mediation ~~alternative dispute resolution~~ process under s. 627.7015 but does not invalidate the appraisal clause of the insurance policy. The insurer shall provide to the policyholder the consumer information pamphlet prepared by the department pursuant to subsection (1) electronically or by United States mail.

Section 3. Effective July 1, 2026, for the 2026-2027 fiscal year, the sum of $1 million in recurring funds is appropriated from the Insurance Regulatory Trust Fund to the Department of Financial Services for the purpose of administering the amendment made by this act to s. 627.7015, Florida Statutes.

Section 4. Except as otherwise expressly provided in this act and except for this section, which shall take effect July 1, 2026, this act shall take effect January 1, 2027.